NEW APPLICATION

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ORIGINAL

June 28, 2007

Arizona Corporation Commission
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AZ CORP COMMISSION
DOCKET CONTROL

Via Overnight Mail

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007-2927

RE: Telrite Corporation
Application for expansion of authority

T-[illegible]A-07-[illegible]

Dear Sir or Madam:

Enclosed please find an original and thirteen (13) copies of the Application for a Certificate of Convenience and Necessity to Provide Intrastate Telecommunications Services on behalf of Telrite Corporation.

An additional copy of this letter has been enclosed to be date stamped and returned in the envelope provided as evidence of the filing.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

Leon Nowalsky

Leon Nowalsky /rph

LLN/rph
Enclosure

ARIZONA CORPORATION COMMISSION

Application and Petition for Certificate of Convenience and Necessity to Provide Intrastate Telecommunications Services

Mail original plus 13 copies of completed application to:

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2927

For Docket Control Only:
(Please Stamp Here)

Please indicate if you have current applications pending in Arizona as an Interexchange reseller, AOS provider, or as the provider of other telecommunication services.

Type of Service: Interexchange Reseller

Docket No.: T-04288A-04-0796 Date: 5/5/2005 Date Docketed: 5/5/2005

Type of Service: ______________________________

Docket No.: ____________ Date: ___________ Date Docketed: ________________________

A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and mark the appropriate box(s).

- [ ] Resold Long Distance Telecommunications Services (Answer Sections A, B).
- [ ] Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).
- [ ] Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).
- [x] * Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, C, D, E)
- [ ] Alternative Operator Services Telecommunications Services (Answer Sections A, B)
- [ ] Other _________ (Please attach complete description)

*limited to resale of certain unbundled network elements from the ILEC

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

Telrite Corporation

4113 Monticello Street

Covington, GA 30014-3544

Ph. (678) 625-7720 Fax (678) 625-2630

Website: www.telrite.com

(A-3) The d/b/a ("Doing Business As") name if the Applicant is doing business under a name different from that listed in Item (A-2): N/A
(A-4) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Management Contact: Darryl E. Davis, CEO 4113 Monticello Street Covington, GA 30014-3544 Ph. (678) 625-7720 Fax (678) 625-2630 Email Address: darryl@telrite.com
(A-5) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Attorney and/or Consultant: Leon Nowalsky, Esq. Nowalsky, Bronston & Gothard, APLLC 3500 N. Causeway Blvd. Suite 1442 Metairie, LA 70002 Ph. (504) 832-1984 Fax (504) 831-0892 Email Address: lnowalsky@nbglaw.com
(A-6) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Complaint Contact Person: Randy Poulson, Customer Service Manager Telrite Corporation 4113 Monticello Street Covington, GA 30014-3544 Ph. (678) 202-0832 Fax (678) 202-0764 rpoulson@telrite.com

(A-8) Please include "Attachment A":

Attachment "A" must include the following information:

1. A copy of the Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in Arizona.
2. A list of the names of all owners, partners, limited liability company managers (or if a member managed LLC, all members), or corporation officers and directors (specify).
3. Indicate percentages of ownership of each person listed in A-8.2.

(A-9) Include your Tariff as "Attachment B".

Your Tariff must include the following information:

1. Proposed Rates and Charges for each service offered (reference by Tariff page number).
2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number).
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number).
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number).
5. The proposed fee that will be charged for returned checks (reference by Tariff page number).

(A-10) Indicate the geographic market to be served:

☑ Statewide. (Applicant adopts statewide map of Arizona provided with this application).

☐ Other. Describe and provide a detailed map depicting the area.

(A-11) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any formal or informal complaint proceedings pending before any state or federal regulatory commission, administrative agency, or law enforcement agency.

Describe in detail any such involvement. Please make sure you provide the following information:

1. States in which the Applicant has been or is involved in proceedings.
2. Detailed explanations of the Substance of the Complaints.
3. Commission Orders that resolved any and all Complaints.
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from re-occurring.

The Company is currently undergoing an informal audit with USAC concerning the proper allocation and payment for monthly recurring charges.

(A-12) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any civil or criminal investigation, or had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

Describe in detail any such judgments or convictions. Please make sure you provide the following information:

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.
3. Copy of the Court order, if applicable.

The Applicant nor any of its officers have been or are currently involved in any civil or criminal investigation, had judgments entered in any civil matter, judgments levied by any administrator or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

☑ Yes ☐ No

(A-14) Is Applicant willing to post a Performance Bond? Please check appropriate box(s).

☐ For Long Distance Resellers, a $10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits.

☐ Yes ☑ No

If "No", continue to question (A-15).

☐ For Local Exchange Resellers, a $25,000 bond will be recommended.

☐ Yes ☑ No

If "No", continue to question (A-15).

☐ For Facilities-Based Providers of Long Distance, a $100,000 bond will be recommended.

☐ Yes ☑ No

If "No", continue to question (A-15).

☐ For Facilities-Based Providers of Local Exchange, a $100,000 bond will be recommended.

☐ Yes ☑ No

If any box in (A-14) is marked "No", continue to question (A-15).

Note: Amounts are cumulative if the Applicant is applying for more than one type of service.

(A-15) If any box in (A-14) is marked "No", provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the Applicant's superior financial position limits any risk to Arizona consumers.

The Applicant does not require advances, prepayments or deposits, as indicated in Tariff Page 13 in Section 2.7.3.

(A-16) Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the Applicant is requesting authority to provide service. Note: For Resellers, the Applicant must complete and submit an Affidavit of Publication Form as Attachment "C" before Staff prepares and issues its report. Refer to the Commission's website for Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication). For Facilities-Based Service Providers, the Hearing Division will advise the Applicant of the date of the hearing and the publication of legal notice. Do not publish legal notice or file affidavits of publication until you are advised to do so by the Hearing Division.
(A-17) Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in Arizona: ☑ Yes ☐ No If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells. **Qwest and Global Crossing**
(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in Arizona: Note: If the Applicant is currently approved to provide telecommunications services that the Applicant intends to provide in Arizona in less than six states, excluding Arizona, list the Public Utility Commission ("PUC") of each state that granted the authorization. For each PUC listed provide the name of the contact person, their phone number, mailing address including zip code, and e-mail address. **All states except Alaska and Hawaii.**
(A-19) List the States in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in Arizona. Note: If the Applicant currently provides telecommunication services that the Applicant intends to provide in Arizona in six or more states, excluding Arizona, list the states. If the Applicant does not currently provide telecommunications services that the Applicant intends to provide in Arizona in five or less states, list the key personnel employed by the Applicant. Indicate each employee's name, title, position, description of their work experience, and years of service in the telecommunications services industry. **Illinois, Indiana, Iowa, Maine, Montana, Ohio, Oregon, Rhode Island, Washington, and W. Virginia,**
(A-20) List the names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801. N/A

(A-21) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

- [x] Decision # 64178 Resold Long Distance
- [x] Decision # 64178 Resold LEC
- [ ] Decision # 64178 Facilities Based Long Distance
- [x] Decision # 64178 Facilities Based LEC

B. FINANCIAL INFORMATION

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

- [x] Yes
- [ ] No

If "No," explain why and give the date on which the Applicant began operations.

(B-2) Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

(B-3) Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

N/A

(B-4) The Applicant must provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.
2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.
3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.

4. If the projected value of all assets is zero, please specifically state this in your response.
5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

C. RESOLD AND/OR FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(C-1) Indicate if the Applicant has a resale agreement in operation,

☐ Yes ☑ No

If "Yes", please reference the resale agreement by Commission Docket Number or Commission Decision Number.

D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(D-1) Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

☐ Yes ☑ No

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in Arizona.
2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications AND/OR facilities-based local exchange telecommunications services in Arizona.

The Applicant will begin selling facilities-based local exchange services upon approval of their application.

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county, and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona state law including the Arizona Corporation Commission Rules. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.

Darryl E. Davis
(Signature of Authorized Representative)

6-25-07
(Date)

DARRYL E. DAVIS
(Print Name of Authorized Representative)

CEO
(Title)

SUBSCRIBED AND SWORN to before me this 26th day of JUNE, 2007

NOTARY PUBLIC

My Commission Expires AT DEATH

LEON L. NOWALSKY
Notary Public, State of Louisiana
My Commission is issued for life.
Notary Number: 4339

07/07/06

Attachment A

List of Officers/Directors of Telrite Corporation and Percentages of Ownership

Darryl Davis, CEO, Director	100%

STATE OF ARIZONA

Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

*******TELRITE CORPORATION*******

a foreign corporation organized under the laws of Georgia did obtain authority to transact business in the State of Arizona on the 21st day of October 2003.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation has not had its authority revoked for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed an Application for Withdrawal as of the date of this certificate.

This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 28th Day of June, 2007, A. D.

Executive Director

Order Number: 154968

Attachment B

Proposed Tariff

TITLE SHEET

TELRITE CORPORATION

TARIFF NO. 1

This tariff contains the description, regulations, and rates applicable to the furnishing of telecommunications services provided by Telrite Corpration with principal offices located at 4113 Monticello Street, Covington, GA 30014-3544. This tariff is on file with the Arizona Corporation Commission ("Commission"), and copies may be inspected during normal business hours at the Company's principal place of business.

CHECK SHEET

All sheets of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

Sheet	Revision	Sheet	Revision
1	Original	21	Original
2	Original	22	Original
3	Original	23	Original
4	Original	24	Original
5	Original	25	Original
6	Original	26	Original
7	Original	27	Original
8	Original	28	Original
9	Original	29	Original
10	Original	30	Original
11	Original	31	Original
12	Original	32	Original
13	Original	33	Original
14	Original	34	Original
15	Original	35	Original
16	Original	36	Original
17	Original	37	Original
18	Original	38	Original
19	Original		
20	Original		

TABLE OF CONTENTS

ISSUED BY: Michael Geoffroy, Esq.
Telrite Corporation
4113 Monticello Street
Covington, GA 30014-3544

SYMBOLS

The following are the only symbols used for the purposes indicated below:

D - To Signify Discontinued Rate or Regulation

I - To Signify Rate Increase

M - To Signify Text Moved From Another Tariff Location

N - To Signify New Rate or Regulation

R - To Signify Rate Reduction

T - To Signify Change In Text, But No Change In Rate or Regulation

ISSUED BY: Michael Geoffroy, Esq.
Telrite Corporation
4113 Monticello Street
Covington, GA 30014-3544

TARIFF FORMAT

A. Sheet Numbering - Sheet numbers appear in the upper-right corner of the sheet. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between existing sheets with whole numbers, a decimal is added. For example, a new sheet added between Sheets 14 and 15 would be Sheet 14.1.

B. Sheet Revision Numbers - Revision numbers also appear in the upper-right corner of the sheet. These numbers are used to determine the most current sheet version on file with the Commission. For example, 4th Revised Sheet 14 cancels 3rd Revised Sheet 14.

C. Paragraph Numbering Sequence - This tariff contains various levels of paragraph coding. Each level of coding is subservient to its next higher level of coding. For example,

2.
2.1.
2.1.1.
2.1.1.A.
2.1.1.A.1.
2.1.1.A.1.(a)

D. Check Sheets - When a tariff filing is made with the Commission, an updated check sheet accompanies the tariff filing. The check sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new sheets are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc., remains the same, just revised revision levels on some sheets). The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current sheet on file with the Commission.

SECTION 1 - DEFINITIONS AND ABBREVIATIONS

1.1 Definitions:

Application for Service - A standard order form which includes all pertinent billing, technical, and other descriptive information which will enable the carrier to provide the communication service as required.

Authorized User - A person, firm, corporation, or other entity authorized by the customer to receive or send communications.

Cancellation of Order - A customer-initiated request to discontinue processing a service order, either in part or in its entirety, prior to its completion.

Carrier - Telrite Corporation, unless specifically stated otherwise.

Company - Telrite Corporation, also referred to as Carrier.

Completed Calls - Completed calls are calls answered on the distance end. In the event a customer is charged for an incomplete call, the Company will issue a credit to the customer upon request.

Customer - The person, firm, corporation, or other entity which orders or uses service and is responsible by law for payment for communication service from the telephone utility.

Customer Provided Equipment - Terminal equipment provided by a customer.

Day Rate Period - 8:00 a.m. through 4:59 p.m., Monday through Friday.

Due Date - The last day for payment without unpaid amounts being subject to a late payment charge.

1.1 Definitions: (continued)

Evening Rate Period - 5:00 p.m. through 10:59 p.m., Sunday through Friday.

Holidays - Carrier's recognized holidays are New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Message - A completed telephone call by a customer or user.

Night/Weekend Rate Period - 11:00 p.m. through 7:59 a.m., every day; 8:00 a.m. through 10:59 p.m. Saturday; and 8:00 a.m. through 4:59 p.m. Sunday.

Normal Business Hours - 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding holidays.

Premises - The space occupied by an individual customer in a building, in adjoining buildings occupied entirely by that customer, or on contiguous property occupied by the customer separated only by a public thoroughfare, a railroad right of way or a natural barrier.

Terminal Equipment - All telephone instruments, including pay telephone equipment, the common equipment of large and small key and PBX systems and other devices and apparatus, and associated wiring, which are intended to be connected electrically, acoustically or inductively to the telecommunication system of the telephone utility.

1.2 Abbreviations:

LATA - Local Access Transport Area

LEC - Local Exchange Carrier

MTS - Message Toll Service

NSF - Non-Sufficient Funds

PBX - Private Branch Exchange

SAL - Special Access Line

V&H - Vertical and Horizontal

SECTION 2 - TERMS AND CONDITIONS

2.1 Carrier Undertaking

Carrier provides intrastate long distance and local exchange telephone service to customers for their direct transmission of voice, data, and other types of telecommunications.

Communications originate when the customer accesses Carrier directly or through the facilities of the local service carrier via one or more access lines, equal access or on a dial-up basis. Carrier may act as the customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the customer, to allow connection of a customer's location to the Carrier network. The customer shall be responsible for all charges due for such service arrangements.

The Company's services are provided on a monthly basis unless otherwise stated in this tariff, and are available twenty-four (24) hours per day, seven (7) days per week.

2.2 Limitations on Service

2.2.1 Service is offered subject to the availability of the necessary facilities and/or equipment and subject to the provisions of this tariff.

2.2.2 Carrier reserves the right to discontinue furnishing service upon written notice, when necessitated by conditions beyond its control or when the customer is using the service in violation of the provisions of this tariff or in violation of the law.

2.2.3 Title to any equipment provided by Carrier under these regulations remains with Carrier. Prior written permission from the company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to any such assignee or transferee.

2.3 Use of Service

Service may not be used for any unlawful purposes.

The minimum period for service is one month (30 days), unless otherwise noted in the customer's service agreement.

2.4 Limitation of Liability

2.4.1 Carrier shall not be liable to any person, firm or entity for damages, either direct, indirect, consequential, special, incidental, actual, punitive, or for any other damages or for any lost profits arising out of mistakes, accidents, errors, omissions, interruptions, delays or defects in transmissions arising out of or relating to this tariff or the obligations of Carrier pursuant to this tariff, and not caused by the negligence of the carrier, commencing upon activation of service and in no event exceeding an amount equivalent to the proportionate charge to the customer for the period of service during which mistakes, accidents, errors, omissions, interruptions, delays or defects in transmission occur. Carrier makes no warranty, whether express, implied or statutory, as to the description, quality, merchantability, completeness or fitness of the service or local access, or as to any other matter, all of which warranties by Carrier are hereby excluded and disclaimed.

2.4.2 Carrier will indemnify the customer and hold it harmless for any and all loss, damage, liability or expense asserted against the customer by a third party on account of any property damage or personal injury caused by any negligence or willful misconduct of Carrier or its agents or representatives arising out of performance of any testing or other activities on the customer's premises pursuant to this tariff. Carrier's obligations under the preceding sentence shall be subject to the customer's full performance of this tariff and the customer's duty to take reasonable precautions in the location, construction, maintenance and operation of all activities, facilities and equipment for protection against hazard or injury and interference with the services provided by Carrier.

2.4 Limitation of Liability (continued)

2.4.3 Carrier shall be indemnified and held harmless by the customer against:

A. Claims for libel, slander, infringement of patent or copyright or unauthorized use of any trademark, trade name, or service mark arising out of the material, data information, or other content transmitted over the carrier's facilities; and

B. All other claims arising out of any act or omission by the customer in connection with any service provided by Carrier.

2.4.4 Carrier shall not be liable for, and the customer indemnifies and holds Carrier harmless from, any and all loss, claims, demands, suits, or other actions, or any liability whatsoever, whether suffered, made, instituted, or asserted by the customer or by any party or persons, for a personal injury to, or death of, any person or persons, and for any loss, damage, defacement, or destruction of the premises of the customer or any other property, whether owned by the customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, condition, location, or use that is not the direct result of the carrier's negligence. No agents or employees or other carriers shall be deemed to be agents or employees of Carrier.

2.5 Interruption of Service

A credit allowance for interruptions of service which are not due to Carrier's testing or adjusting, to the negligence of the customer, or to the failure of the channels, equipment, and/or communications systems provided by the customer, are subject to the general liability provisions set forth herein. It shall be the obligation of the customer to notify Carrier of any interruption in service. Before giving such notice, the customer shall ascertain that the trouble is not being caused by any action or omission by or within the customer's control and is not in wiring or equipment connected to the Carrier terminal.

2.6 Restoration of Service

The use and restoration of service in emergencies shall be in accordance with the Part 64, Subpart D of the Federal Communications Commission's Rules and Regulations which specifies the priority system for such activities.

2.7 Customer Responsibility

2.7.1 All customers assume general responsibilities in connection with the provisions and use of Carrier's service. All customers are responsible for the following:

A. The customer is responsible for placing orders for service, paying all charges for service rendered by Carrier and complying with all of Carrier's regulations governing the service. The customer is also responsible for assuring that its users comply with regulations.

B. When placing an order for service, the customer must provide:

1. The name(s) and address(es) of the person(s) responsible for the payment of service charges.

2. The name(s), telephone number(s), and address(es) of the customer contact person(s).

C. The customer must pay Carrier for the replacement or repair of Carrier's equipment when the damage results from:

1. The negligence or willful act of the customer or user.
2. Improper use of service.
3. Any use of equipment or service provided by others.

D. After receipt of payment for the damages, Carrier will cooperate with the customer in prosecuting a claim against any third party causing damage.

2.7.2 Maintenance, Testing, and Adjustment

Upon reasonable notice, any equipment provided by Carrier shall be made available to Carrier for such tests and adjustments as may be necessary to maintain them in satisfactory condition. No interruption allowance will be granted for the time during which such tests and adjustments are made.

2.7.3 Deposits and Advance Payments

The company will not collect deposits or advanced payments from Arizona customers.

2.7 Customer Responsibility

2.7.4 Credit Allowance

Credit for failure of service or equipment will be allowed only when failure is caused by or occurs in equipment owned, provided and billed for, by Carrier.

A. Credit allowances for failure of service or equipment starts when the customer notifies Carrier of the failure or when Carrier becomes aware of the failure and ceases when the operation has been restored and an attempt has been made to notify the customer.

B. The customer shall notify Carrier of failures of service or equipment and make reasonable attempts to ascertain that the failure is not caused by customer provided facilities, any act, or omission of the customer or in wiring or equipment connected to the terminal.

C. Only those portions of the service or equipment operation disabled will be credited. No credit allowances will be made for:

1. Interruptions of service resulting from Carrier performing routine maintenance;
2. Interruptions of service for implementation of a customer order for a change in the service;
3. Interruption caused by the negligence of the customer or his authorized user;
4. Interruptions of service resulting from the failure of service or equipment due to customer-provided facilities.
5. No credit shall be allowed for an interruptions of less than two hours.

2.7 Customer Responsibility

2.7.5 Cancellation by Customer

If a customer orders services requiring special equipment and/or facilities dedicated to the customer's use and then cancels his order before the service begins, a charge will be made to the customer for the non-recoverable portions of expenditures or liabilities incurred expressly on behalf of the customer by Carrier.

2.7.6 Payment and Charges for Services

A. Service is provided and billed on a monthly basis.

B. Payment is due upon receipt. Payment will be considered timely if paid within 20 days after the bill is rendered. The bill shall be considered rendered when deposited in the U.S. mail with postage prepaid.

C. In the event of a dispute concerning a bill, Customer must pay a sum equal to the amount of the undisputed portion of the bill and proceed with complaint procedures set forth in this tariff.

D. The customer is responsible for payment of all charges for service furnished to the customer under this tariff.

E. Customer is responsible for payment of any state and local taxes (i.e. gross receipts tax, sales tax, municipal utilities tax) which will be listed as separate line items and which are not included in the quoted rates.

F. Customers will be charged a late payment penalty on past-due amounts.

G. Customers will be charged a fee for each return check issued by a customer.

2.7.7 Application of Charges

The charges for service are those charges in effect during the period in service was furnished.

2.7.8 Customer Complaint Procedure

Carrier will resolve any disputes brought to its attention as promptly and effectively as possible. Customer Service Representatives can be reach via the following toll free telephone number: 1-866-890-4135.

Any unresolved disputes may be directed to the attention of the Commission.

In the event of a dispute concerning an invoice, the customer must pay a sum equal to the amount of the undisputed portion of the bill and notify the Company of the disputed portion.

2.8 Carrier Responsibility

2.8.1 Cancellation Credit

Where Carrier cancels a service or the provision of equipment and the final service period is less than the monthly billing period, a credit will be issued for any amounts billed in advance, prorated at 1/30th of the monthly recurring charge for each day the service was rendered or the equipment was provided. This credit will be issued to the customer or applied against the balance remaining on the customer's account.

2.8.2 Disconnection of Service by Carrier

Carrier, upon 5 days written notice to the customer, may discontinue service or cancel an application for service without incurring any liability for any of the following reasons:

A. Non-payment of any sum due to Carrier for service for more than twenty days beyond the date of rendition of the bill for such service;

B. A violation of any regulation governing the service under this tariff;

C. A violation of any law, rule, or regulation of any government authority having jurisdiction over the service; or

D. Carrier is prohibited from furnishing services by order of a court or other government authority having jurisdiction.

2.9 Transfer and Assignments

Neither the Company nor the Customer may assign or transfer its rights or duties in connection with the services and facilities provided by the Company without the written consent of the other party, except that the Company may assign its rights and duties (a) to any subsidiary, parent company or affiliate of the Company; (b) pursuant to any sale or transfer of substantially all the assets of the Company; or (c) pursuant to any financing, merger or reorganization of the Company.

2.10 Notices and Communications

2.10.1 The Customer shall designate on the Service Order an address to which the Company shall mail or deliver all notices and other communications, except that Customer may also designate a separate address to which the Company's bills for service shall be mailed.

2.10.2 The Company shall designate on the Service Order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on each bill for service to which the Customer shall mail payment on that bill.

2.10.3 All notices or other communications required to be given pursuant to this tariff will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following deposit of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.

2.10.4 The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.

2.11 Universal Emergency Telephone Number Service (911,E911)

2.11.1 This tariff does not provide for the inspection or constant monitoring of facilities to discover errors, defects, or malfunctions in the service, nor does the Company undertake such responsibility.

2.11.2 911 information consisting of the names, addresses and telephone numbers of all telephone customers is confidential. The Company will release such information only after a 911 call has been received, on a call by call basis, only for the purpose of responding to an emergency call in progress.

2.11.3 The 911 calling party, by dialing 911, waives the privacy afforded by unlisted and nonpublished service to the extent that the telephone number, name and address associated with the originating station location are furnished to the Public Safety Answering Point.

2.11.4 After the establishment of service, it is the Public Safety Agency's responsibility to continue to verify the accuracy of and to advise the Company of any changes as they occur in street names, establishment of new streets, changes in address numbers used on existing streets, closing and abandonment of streets, changes in police, fire, ambulance or other appropriate agencies' jurisdiction over any address, annexations and other changes in municipal and county boundaries, incorporation of new cities or any other similar matter that may affect the routing of 911 calls to the proper Public Safety Answering Point.

SECTION 3 - DESCRIPTION OF SERVICE AND RATES

3.1 Timing of Calls

The customer's monthly usage charges for Carrier service are based upon the total number of minutes the customer uses and service options subscribed to. Chargeable time begins when the connection is established between the calling station and the called station or PBX. Chargeable time ends when either party "hangs up."

There are no charges incurred if a call is not completed.

3.2 Start of Billing

For billing purposes, the start of service is the day first day on which service is available for use by the customer. The end of service date is the last day on which service was provided by the Carrier after notification of cancellation.

3.3 Interconnection

Service furnished by Carrier may be interconnected with services or facilities of other authorized communications common carriers and with private systems, subject to the technical limitations established by Carrier. Service furnished by Carrier is not part of a joint undertaking with such other carriers. Any special interface equipment of Carrier and other participating carriers shall be provided at the customer's expense.

Interconnection with the facilities or services of other carriers shall be under the applicable terms and conditions of other carriers' tariffs. The customer is responsible for taking all necessary legal steps for interconnecting his customer - provided terminal equipment or communications systems with Carrier's. The customer shall secure all licenses, permits, right-of-ways, and other arrangements necessary for such interconnection.

3.5 Calculation of Distance

Usage charges for any mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the call.

The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. The company uses the rate centers and associated vertical and horizontal coordinates that are generally accepted within the industry.

Formula: $$\sqrt{\frac{(V1 - V2)^2 + (H1 - H2)^2}{10}}$$

3.6 Minimum Call Completion Rate

The customer can expect a call completion rate of 99% of calls attempted during peak use periods.

3.7 Special Services

A Special Service is a request by a customer for a service which has no prescribed rate in this tariff. Special Service charges will be developed on an individual case basis and filed in this tariff.

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3.8 Service Offerings

The Carrier provides the following services:

3.8.1 Message Toll Service (MTS)

Outgoing long distance service whereby the customer accesses the Company's underlying carrier's network on an equal access or dial-up basis.

In non-equal access areas, the customer will gain access to the Carrier's network by dialing a 101XXXX access code which will be provided by the Company.

3.8.2 Inbound Service (8XX)

Inbound service is virtual banded inbound toll service which permits calls to be completed at the subscriber's location without charge to the calling party. Access to the service is gained by dialing a ten digit telephone number which terminates at the customer's location. Inbound services originate via normal shared use facilities and are terminated via the customers' local exchange service access line.

The Company will accept a prospective inbound service customer's request for up to ten (10) 8XX telephone numbers and will reserve such number(s) on a first come first serve basis. All requests for number reservations must be made in writing, dated and signed by a responsible representative of the customer. Carrier does not guarantee the availability of number(s) until assigned. The number(s) requested, if available, will be reserved for and furnished to the eligible customer.

If a customer who has received a number does not subscribe to inbound service within 90 days, the company reserves the right to make the assigned number(s) available for use by another customer.

3.8.3 Travel Card Service

Allows subscribers who are away from home or office to place calls by gaining access to the network via an 800 number and personal identification number (PIN) issued by the company.

3.8.4 Directory Assistance

The Company will provide requesting customers with listed telephone numbers at a per call charge.

3.8.5 Operator Service

Operator Assisted Services are provided by and billed by the Company's underlying carrier.

3.8.6 Local Residential Service

Residence Service is that service furnished in private homes or apartments, including all parts of the subscriber's domestic establishment, for domestic use and not for substantial occupational use; in the study of a clergyman located in a church, in a college fraternity or sorority house, college dormitories, convents and monasteries for domestic rather than occupational use in residential quarters.

Local Line - Residence provides the Customer with a single, voice-grade, DTMF communications channel. Each Local Line will include a telephone number, as well as access to the service.

3.8.7 Local Business Services

The Company's Business Services are offered for local calling using the facilities of the Company's authorized underlying Local Exchange Carrier(s). The Company's Business Services are offered primarily to the following:

1. Offices, stores, factories, mines and all other places of a strictly business nature;

2. Offices of hotels, boarding houses, apartment houses, colleges, quarters occupied by clubs and fraternal societies, public, private or parochial schools, hospitals, nursing homes, libraries, churches, and other institutions; and

3. Services terminating solely on the secretarial facilities of a telephone answering bureau.

If a Subscriber's service changes from business service to residential service, the telephone number will normally be changed. Reference of calls will not normally be provided regardless of how long existing directories will remain in effect. Changes from residential to business service may be made without change in telephone number, if the subscriber so desires.

3.8.8 Directory Listings

For each Customer of Exchange Access Service(s), the Company shall arrange for the listing of the Customer's main billing telephone number in the directory(ies) published by the dominant Local Exchange Carrier in the area at no charge.

SECTION 4 - RATES AND CHARGES

4.1. Usage Charges and Billing Increments

4.1.1 Usage Charges

Usage charges are either flat rated or are determined by the time of day rate periods and minutes of use within each rate period. The rate period is determined by the time and day of call origination at the customer's location.

4.1.2 Billing Increments

Billing increments are specifically stated in the product rate sections below.

4.1.3 Rounding

All partial usage will be rounded up to the next highest billing increment set forth for the applicable product. Any partial cents will be rounded up to the next highest whole cent.

SECTION 4 - RATES AND CHARGES (contd.)

4.2 Local Service

4.2.1 General

A. Telrite Corporation's local service enables the Customer to"
   - (i) receive calls from other stations on the public switched telephone network;
   - (ii) place calls to other stations on the public switched telephone network;
   - (iii) access the Company for service related assistance; access directory assistance for the local calling area; access toll-free telecommunications services; access enhanced 911 services for emergency calling; access Telephone Relay Service; and
   - (iv) access the interexchange network. A Customer may presubscribe to the carrier of their choice for interLATA and intraLATA calling, or Customer may access a provider on an ad hoc basis by dialing the provider's Carrier Identification Code (10XXXX).

B. The local calling area will be the same as that used by the incumbent local exchange company, a description of which can be found it the telephone directory published by the incumbent local exchange company.

C. Service will be offered in the service areas in which the Company has been certified by the Arizona Public Utilities Commission.

4.2.2 Monthly Recurring Charges

$76.50 maximum

4.2.3 Initial Service Conversion Change

A. The following charge applies when an existing local service line or trunk is converted to Global Crossing Telemanagement, Inc.'s local service. It is a one-time, non-recurring charge:

$52.00 maximum.[1]

[1]PBX trunk customers who are converting from a rate stablized service will incur an additional conversion charge. The above maximum rate applies.

SECTION 4 - RATES AND CHARGES (contd.)

4.2 Local Service (cont'd)

4.2.4 Initial Line Installation and Additional Line Installation Charge
Initial Line Installation and Additional Line Installation are used when a customer moves his existing service/lines from one location to another. (These charges are mirroring New Line Installation Charges).

A. Installation Charge

The following charge applies per line when a new local service line or trunk is added to a new or existing account. It is a one-time, non-recurring charge:

$105.00

SECTION 4 - RATES AND CHARGES (contd.)

4.5 Maximum Dishonored Check Charge

All customers issuing dishonored check(s) will be charged a fee for each dishonored check issued to the company in an amount not to exceed $20.00.

The charge will be applied to the customer's monthly billing, in addition to any other charges which may apply under this tariff.

Payment rendered by check, which is subsequently dishonored, shall not constitute payment until such time as repayment is made by valid means.

4.6 Maximum Late Payment Penalty

Customers will be charged 1.5% of any amounts owed to the Company beyond the due date as set forth within this tariff.

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SECTION 4 - RATES AND CHARGES (Cont'd)

4.7 Features

4.7.1 General

A. The following features will be available on all lines. Not all features are compatible with certain key sets and PBX systems.

Call Return
Allows a customer to automatically redial the telephone number of the last incoming call to that line, regardless of whether the call was answered, unanswered, or busy. After the recall is activated, and unless the number is blocked as described below, an announcement of the number is provided to the customer, who then has the choice of either continuing the recall by entering a code, or terminating the recall by hanging up. If the redialed number is busy, a distinctive ring alerts the customer when the number becomes available. If the telephone number of the last incoming call has been blocked through the use of a service such as Caller ID Blocking, the number cannot be redialed.

Continuous Redial
Allows a customer to automatically redial the last telephone number dialed. If the called number is busy, the number is redialed for a limited period of time. A distinctive ring alerts the customer when the called number becomes available.

Caller ID
Allows for the automatic delivery of a calling party's number to be called customer. The telephone number is displayed on customer-provided equipment

Call Forward
This optional feature allows all calls directed to a telephone number to be routed to a user defined telephone number. The user is charged any applicable usage charges for the re-routed call. The user can activate/deactivate Call Forward and define a telephone number where all calls will be forwarded. Calls cannot be forwarded to an International Direct Distance Dialing (IDDD) number.

Call Forward Busy Line
This optional feature forwards calls to a busy station to a predetermined number. Calls cannot be forwarded to an International Direct Distance Dialing (DDD) number. The user is charged any applicable usage charges for the forwarded call.

SECTION 4 - RATES AND CHARGES (cont'd)

4.7 Features(cont'd)

4.7.1 General (cont'd)

Call Forward Don't Answer
This optional feature allows users to re-route a call to a predetermined station in the event that the call is not answered within a customer-specified number of rings. Users are charged for any applicable usage charges on the forwarded call.

Call Return
Allows a customer to automatically redial the telephone number of the last incoming call to that line, regardless of whether the call was answered, unanswered, or busy. After the recall is activated, and unless the number is blocked as described below, and announcement of the number is provided to the customer, who then has the choice of either continuing the recall by entering a code, or terminating the recall by hanging up. If the redialed number is busy, a distinctive ring alerts the customer when the number becomes available. If the telephone number of the last incoming call has been blocked though the use of a service such as Caller ID Blocking, the number cannot be redialed.

Call Trace
Call Tracing allows for the identification and recording of the telephone numbers of some or all of the incoming calls to the telephone line of a customer.

Call Transfer
Allows Customer to transfer an incoming call to a third party or to add a third party to an existing call, forming a three-party connection. The original party can then leave the call without disconnecting the other parties. Calls can be transferred to any number in the North American Dialing Plan (1-NPA-NXX-XXXX type numbers).

Call Waiting
Provides a tone to notify customer on an existing call that a second call is waiting.

Direct Connect Line
Allows a customer to automatically dial a pre-designated number whenever the originating telephone goes off-hook. This feature is assigned to a phone which is used only for this purpose.

SECTION 4 - RATES AND CHARGES (cont'd)

4.7 Features (cont'd)

4.7.1 General (cont'd)

Continuous Redial
Allows a customer to automatically redial the last telephone number dialed. If the call number is busy, the number is redialed for a limited period of time.

Hunting
This optional feature routes a call to an idle line in a prearranged group when the called telephone number is busy. Typically this feature is used with the customer's main telephone number and several subtending lines so that the customer can receive calls on several lines, although all calls are placed to the same number. Hunting will not work with Call Forward Busy and Don't Answer.

Remote Call Forward
Allows the Customer to automatically forward calls from one telephone number to another. The Customer is charged any applicable usage charges on the forwarded call.

Third Number/Collect Blocking
Allows a Customer to block calls from being billed to individual stations, either on a third-number basis, or on a collect basis.

Three Way Calling
Allows a user to add a third party to an existing conversation without expensive conferencing equipment. This feature also allows a user to place a call on hold in order to make a consultation call on the same line. When the consultation call is completed the user hangs-up or depresses the flash key on the telephone and is reconnected to the original conversation.

Toll Blocking
Allows the user to restrict long distance outgoing calls on each line equipped.

Call Forward-Remote Access
Allows the customer to activate and deactivate the Call Forward Variable feature from a remote location.

Install: Per Use Blocking
One time charge to establish blocking of usage sensitive charges, i.e., Call Return, Repeat Dialing and 3-Way Calling.

SECTION 4 - RATES AND CHARGES (cont'd)

4.7 Features (cont'd)

4.7.2 Terms and Conditions

A. Per call blocking and unblocking shall be offered at no charge. Per line blocking shall be offered at no charge for the first request of each Customer. Domestic violence programs and law enforcement agencies shall always be offered per line blocking at no charge.

B. The results of a call trace will be furnished only to law enforcement agencies or authorities upon proper request by them.

C. Disclosure of telephone number may occur when caller subscribes to Caller Identification or Automatic Call Back. Call blocking, on either a per call or per line basis, prevents the delivery of this information.

SECTION 4 - RATES AND CHARGES (cont'd)

4.7 Features (cont'd)

4.7.3 Rates

All rates stated are maximum charges

	Non Recurring Charge	Monthly Recurring Charge	Per Usage Charge
Call Return	n/a	n/a	$1.50
Continuous Redial	n/a	n/a	$1.50
Call Trace			$4.00
Call Transfer	$24.50	$11.60	
Caller ID	$24.50	$15.00	
Call Forward	$24.50	$ 9.00	
Call Forward Busy Line	$24.50	$15.00	
Call Forward Don't Answer	$24.50	$ 7.50	
Call Forward Busy Line/Don't Answer	$24.50	$13.00	
Call Waiting	$24.50	$14.00	
Direct Connect Line	$24.50	$ 4.50	
Hunting	$24.50	$15.00	
Remote Call Forward	$60.00	$38.00	
Speed Dial	$24.50	$ 5.50	
Speed Dial, Expanded	$24.50	$ 8.50	
Third Number/Collect Blocking	$24.50	$14.00	
Three Way Calling	$24.50	$ 7.50	$4.00
Toll Blocking	$52.00	$ 9.50	
Call Forward-Remote Access	$24.50	$15.50	
Install: Per Use Blocking	$24.50	n/a	

SECTION 4 - RATES AND CHARGES (cont'd)

4.8 Directory Listings

4.8.1 Description

Directory listings will be provided in accordance with Section 1.6 of this tariff. The following types of listings are available:

(i) Primary Listing. A primary listing contains the name of the Customer, or the name under which business is regularly conducted, as well as the address and telephone number of the Customer. Primary listings are provided at no charge;

(ii) Additional Listings. Additional Listings are available only in the names of Authorized Users of the Customer's service, as defined herein;

(iii) Non-Published Listings. Non-published listings are not printed in directories nor are they available from directory assistance. Non-published listings are subject to the provisions set forth in Sections 1.2 and 1.6;

(iv) Non-Listed Numbers. Non-listed numbers are those which provide for the omission or deletion of the Customer's listing from the telephone directory. Such listings are available from directory assistance;

(v) Foreign Listings. A foreign listing is one which is published in a directory not in the Customer's immediate calling area.

(vi) Extra Line Listings. Provides additional information after a main or additional listings.

(vii) Cross Reference Listing. This provides a reference to another listing in the same directory.

4.8.2 Rates

All rates stated are maximum charges.

	Non-Recurring Charge	Monthly Recurring Charge
Primary Listing	n/c	n/c
Additional Listing	$41.50	$ 5.50
Cross Reference Listing	$41.50	$ 5.50
Non-Published Listing	$41.50	$15.50
Non-Listed Number	$41.50	$15.50
Foreign Listing	$41.50	$15.50
Extra Line Listing	$41.50	$ 5.50

SECTION 4 - RATES AND CHARGES (cont'd)

4.9 Directory Assistance

4.9.1 Description

A The Customer may access Directory Assistance for the purpose of determining phone numbers within its local calling area by calling the Directory Assistance Operator. A maximum of two number requests per call will be allowed.

4.9.2 Rates

$1.10 per call maximum

A. For all requests for Directory Assistance Call Completion, the following additional charge will apply:

$.70 per call maximum

4.9.3 Directory Assistance Credits

A. Credit will be given for calls to Directory Assistance as follows:

(i) The Customer experiences poor transmission or is cut-off during the call; or

(ii) The Customer is given the incorrect telephone number.

B. To obtain credit, the Customer must contact their Customer Service representative.

SECTION 4 - RATES AND CHARGES (cont'd)

4.10 Operator Services

4.10.1 General

A. The Customer has the option of contacting the incumbent local exchange company operator for generalinformation, such as dialing instructions, country or city codes, area code information and Customer Service 800 numbers. The Customer may obtain the assistance of an incumbent local exchange operator to complete local exchange telephone calls in the following manner.

i. Third Party Billing. Provides the Customer with the ability to charge a local call to a third number which is different from the called or calling party. The party answering at the third number has the option to refuse acceptance of the charges in advance or when queried by the operator.

ii. Collect calls. Provides the Customer with the capability to charge a call to the called party. On the operator announcement of a collect call, the called party has the option to refuse acceptance of charges in advance or when queried by the operator.

iii. Person to Person. Calls completed with the assistance of an operator to a particular Station and person specific by the caller. The call may be billed to the called party.

iv. Station to Station. Calls completed with the assistance of an operator to a particular Station. The call may be billed to the called party.

v. Busy Line Verification. Provides the customer with the verification that a line is busy and not otherwise disrupted.

vi. Busy Line Interrupt. Provides the customer with the option of interrupting a line that has been verified to be busy.

SECTION 4 - RATES AND CHARGES (cont'd)

4.10 Operator Services

The Company will not provide operator services.

4.11 Presubscription

4.11.1 Description

A Customer may presubscribe to the intraLATA and/or interLATA carrier of their choice for long distance calling.

4.11.2 Rates

A. Intra and/or InterLATA carrier change

$15.00 maximum per line, per occurrence

B. A single occurrence can include a change of both the IntraLATA and InterLATA carriers.

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SECTION 4 - RATES AND CHARGES (cont'd

4.11.3 Service Restoration Charge

When service has been discontinued in accordance with the provisions of this tariff, and Customer wishes to restore service, the following service restoral charge will apply:

$104.00 maximum

4.11.4 Vanity Number

When a customer requests a specific number (e.g. 555-TOYS), and the number is available, the following maximum charges will apply:

Nonrecurring charge:	$430.00
Monthly recurring charge:	$18.50

4.11.5 Private Branch Exchange (PBX) Service

The Company's PBX Service uses PBX Trunks to connect to a customer PBX system or other similar equipment. This service provides customers with unrestricted local calling and carrier access. The Company treats these trunks similar to individual exchange lines and supports multi line hunting over a group of trunks. The monthly recurring charge covers all applicable state surcharges.

4.11.5.1 Rates

Monthly Recurring Charge: $130.00 maximum per trunk

4.11.5.2 Rearrangement of PBX Service

A non-recurring per account charge will apply to effect changes to a PBX trunking arrangement. Such changes may include, but are not limited to, trunk hunting sequence, a change in signaling arrangement, etc.

4.11.5.3 Rates

The following maximum charge will apply per account, per occasion of change requested:

$80.00

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SECTION 4 - RATES AND CHARGES (cont'd

4.12 Direct Inward Dial (DID) Service

DID Service is an optional feature which can be purchased in conjunction with Company provided PBX trunks. DID Service transmits the dialed digits for all incoming calls allowing the Customer's PBX to route incoming calls directly to individual stations corresponding to each individual DID number. Charges for DID central office termination and DID number blocks apply in addition to charges specified for PBX Trunks. One additional termination charge applies for each DID-equipped PBX Trunk. Telephone numbers are furnished in blocks of 20. Blocks of number groups will be determined at the sold discretion of the Company's resources. Whenever possible, the Company will attempt to provide telephone numbers arranged consecutively in a group, but will not guarantee nor accept responsibility for provision of such an arrangement within or between a block of numbers. In addition, the Company reserves the right to review vacant DID stations or stations not in use to determine efficient telephone number utilization. Should the Company determine, based on its own discretion, that there is inefficient number utilization, the Company may reassign the DID numbers.

Where all numbers in a group have not been connected for service, the Customer is responsible for providing interception of calls to vacant or non-working assigned station lines or telephone numbers by means of attendant intercept or recorded announcement service. The Company will not terminate these numbers to an intercept message on the Customer's behalf.

4.12.1 Rates

All rates stated are maximum:

Description	Non-Recurring Charge	Monthly Recurring Charge
DID Central Office Termination	$104.00	$101.00
DID Number Group	$40.00	$10.00

SECTION 4 - RATES AND CHARGES (cont'd

4.13 Moves, Adds and Changes

1. Non-recurring Installation Charges as described in Sections 2.1 and 2.9 of this tariff will be applied per line when a Customer moves to a new address within the same local exchange.

2. Service Change order non-recurring charge will be applied per line when a Customer requests any changes or additions to an existing account.

Maximum Rate Per Call Per Line/Account	$50.00

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CURRENT PRICE LIST

1. Features- Rates

All rates stated are maximum charges

	Non Recurring Charge	Monthly Recurring Charge	Per Usage Charge
Call Return	n/a	n/a	$1.50
Continuous Redial	n/a	n/a	$1.50
Call Trace			$4.00
Call Transfer	$24.50	$11.60	
Caller ID	$24.50	$15.00	
Call Forward	$24.50	$ 9.00	
Call Forward Busy Line	$24.50	$15.00	
Call Forward Don't Answer	$24.50	$ 7.50	
Call Forward Busy Line/Don't Answer	$24.50	$13.00	
Call Waiting	$24.50	$14.00	
Direct Connect Line	$24.50	$ 4.50	
Hunting	$24.50	$15.00	
Remote Call Forward	$60.00	$38.00	
Speed Dial	$24.50	$ 5.50	
Speed Dial, Expanded	$24.50	$ 8.50	
Third Number/Collect Blocking	$24.50	$14.00	
Three Way Calling	$24.50	$ 7.50	$4.00
Toll Blocking	$52.00	$ 9.50	
Call Forward-Remote Access	$24.50	$15.50	
Install: Per Use Blocking	$24.50	n/a	

2. Directory Listings - Rates

All rates stated are maximum charges.

	Non-Recurring Charge	Monthly Recurring Charge
Primary Listing	n/c	n/c
Additional Listing	$41.50	$ 5.50
Cross Reference Listing	$41.50	$ 5.50
Non-Published Listing	$41.50	$15.50
Non-Listed Number	$41.50	$15.50
Foreign Listing	$41.50	$15.50
Extra Line Listing	$41.50	$ 5.50

CURRENT PRICE LIST

3. Directory Assistance - Rate

$1.10 per call maximum

Call Completion: $0.70 per call maximum

4. Presubscription - Rates

Intra/InterLATA carrier change

$15.00 maximum per line, per occurrence

5. Service Restoration Charge

$104.00 maximum

6. Vanity Number

Nonrecurring charge: $430.00
Monthly Recurring Charge: $18.50

7. Private Branch Exchange (PBX) Service

$130.00 maximum per trunk

Changes to PBX trunking arrangement - $80.00 per account, per occasion of change requested.

8. DID Rates:

Description	Non-Recurring Charge	Monthly Recurring Charge
DID Central Office Termination	$104.00	$101.00
DID Number Group	$40.00	$10.00

9. Moves, Adds and Changes

Maximum Rate Per Call Per Line/Account $50.00

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Attachment C

Legal Notice (not supplied -pending notification by Hearing Officer)

Attachment D

Financials

B-2 Company financials attached for 2005, 2006 and Partial 2007 Including applicant's balance sheet, income statement and retained earnings balance. The company is a private corporation and has elected not to incur the costs associated with yearly audits.

B-4 Projected revenues attached. Telrite will not have any Arizona assets as they will not have any physical assets or presence in the State of Arizona.

11:30 AM
04/04/07
Accrual Basis

Telrite Corporation
Balance Sheet
As of January 31, 2007

	Jan 31, 07
ASSETS	
Current Assets	
Checking/Savings	
1001 Cash - FNB	-145,152.55
1002 Cash - Mainstreet	41,109.67
1003.001 Cash - Telrite/Icenet	55,134.46
1003.003 Cash - Telrite/Icenet	200,000.00
1004 Telrite Corp Payroll Acct	2,570.64
1009 Petty Cash	
1009.001 Petty Cash - Covington	500.00
1009.002 Petty Cash - Marietta	7,500.00
1009.003 Petty Cash - JAX	2,500.00
1009 Petty Cash - Other	500.00
Total 1009 Petty Cash	11,000.00
Total Checking/Savings	164,662.22
Accounts Receivable	
1200 Accounts Receivable	
1200.001 AR Allowance	-1,350,792.32
1200 Accounts Receivable - Other	2,362,627.08
Total 1200 Accounts Receivable	1,011,834.76
Total Accounts Receivable	1,011,834.76
Other Current Assets	
1100 Accounts Receivable - TW	
1100.001 A/R - Reach Wireless	37,604.82
1100 Accounts Receivable - TW - Other	259,554.42
Total 1100 Accounts Receivable - TW	297,159.24
1104 Deposits	100,000.00
Undeposited Funds	-50,174.12
Total Other Current Assets	346,985.12
Total Current Assets	1,523,482.10
Fixed Assets	
1700 Property and Equipment	
1701 Computers	48,834.41
1702 Furniture and Fixtures	77,080.59
1703 Leasehold Improvements	
1703.001 Leasehold Imp-Marietta	88,361.00
1703 Leasehold Improvements - Other	140,193.57
Total 1703 Leasehold Improvements	228,554.57
1704 Switching Equipment	2,162,242.11
Total 1700 Property and Equipment	2,516,711.68
1701 Accumulated Depreciation	-953,318.00

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04/04/07
Accrual Basis

Telrite Corporation
Balance Sheet
As of January 31, 2007

	Jan 31, 07
Total Fixed Assets	1,563,393.68
Other Assets	
1800 Intangible Assets	
1801 Onestar Customer List	4,068,595.00
1802 Directline Customer List	468,000.00
1803 Accxx Customer List	2,000,000.00
1800 Intangible Assets - Other	1,000.00
Total 1800 Intangible Assets	6,537,595.00
1820 Accumulated Amortization	-583,302.00
Total Other Assets	5,954,293.00
TOTAL ASSETS	9,041,168.78
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2100 Accounts Payable	726,430.93
Total Accounts Payable	726,430.93
Other Current Liabilities	
2102 Tax Payable	
2102.001 2004 Liability	635,969.70
2102.002 2005 Liability	596,195.18
2102.003 2006 Liability	370,000.00
Total 2102 Tax Payable	1,602,164.88
2104 Note Payable - Current	2,710,231.86
2105 Deposits on Hand	27,500.00
Total Other Current Liabilities	4,339,896.74
Total Current Liabilities	5,066,327.67
Total Liabilities	5,066,327.67
Equity	
2801 Loans from Shareholders	18,406.00
2801 Stock	500.00
2900 Retained Earnings	3,213,217.37
Net Income	742,717.74
Total Equity	3,974,841.11
TOTAL LIABILITIES & EQUITY	9,041,168.78

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04/04/07
Accrual Basis

Telrite Corporation
Profit & Loss
January 2007

	Jan 07
Ordinary Income/Expense	
Income	
3000 Revenue	
3000.005 Prepaid LD Sales	29,429.76
3000 Revenue - Other	1,291,087.88
Total 3000 Revenue	1,320,517.64
3005 Revenue - Clearing	0.00
Total Income	1,320,517.64
Cost of Goods Sold	
4001 Usage	582,368.78
4002 Fixed Costs	29,138.61
4003 LD Prepaid Expense	17,252.47
Total COGS	628,759.86
Gross Profit	691,757.78
Expense	
4100 Advertising	465.00
4101 Bank Service Charges	
4101.002 Wire Transfer Fee	141.08
4101.003 NSF Fee	577.25
4101.004 ACH Fees	17.23
4101.005 Return Item Fee	35.00
4101.006 Other Bank Charges	13,383.37
4101 Bank Service Charges - Other	485.31
Total 4101 Bank Service Charges	14,639.24
4102 Commissions Expense	-97,935.61
4105 Insurance	
4105.1 Disability Insurance	408.63
Total 4105 Insurance	408.63
4108 Miscellaneous	4,069.01
4109 Office Expense	
4109.001 Collection/Factoring	11,527.74
4109 Office Expense - Other	-90,960.71
Total 4109 Office Expense	-79,432.97
4110 Office Supplies	
4110.001 Office Supplies	5,845.84
4110.002 Kitchen Supplies	1,076.89
Total 4110 Office Supplies	6,922.73
4111 Personnel Expenses	
4111.001 Cellular Charges	397.09
4111.002 Insurance	10,350.28
4111.003 Payroll Expenses	235,561.75
4111 Personnel Expenses - Other	5,875.91

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04/04/07
Accrual Basis

Telrite Corporation
Profit & Loss
January 2007

	Jan 07
Total 4111 Personnel Expenses	252,185.03
4112 Postage and Delivery	15,745.15
4113 Printing and Reproduction	7,013.92
4114 Professional Fees	
4114.002 Legal Fees	1,272.73
Total 4114 Professional Fees	1,272.73
4115 Rent	15,451.87
4116 Repairs	
4116.003 Equipment Repairs	313.07
4116.005 Janitorial Exp	1,035.07
Total 4116 Repairs	1,348.14
4117 Taxes	
4117.002 State	10,101.54
Total 4117 Taxes	10,101.54
4118 Travel & Ent	
4118.002 Meals	363.76
4118.003 Travel	3,125.25
Total 4118 Travel & Ent	3,489.01
4119 Utilities	
4119.001 Gas and Electric	3,013.14
4119.003 Telephone	277.53
4119.004 Internet Service	2,021.30
4119 Utilities - Other	139.50
Total 4119 Utilities	5,451.47
4120 Dues and Subscriptions	65.00
4121 Professional Development	2,293.40
4122 Recruiting	450.00
4123 Regulatory Fees	
4123.001 Federal USF Fees	-300,000.00
4123.002 State USF Fees	1,939.81
4123.003 Other State Regulatory	5,030.17
4123.005 Sales Tax Remittance	317.65
4123 Regulatory Fees - Other	1,286.07
Total 4123 Regulatory Fees	-291,426.30
4124 Billing Expense	76,597.51
Total Expense	-50,825.50
Net Ordinary Income	742,583.28
Other Income/Expense	
Other Income	
6000 Interest Income	134.46
Total Other Income	134.46

Telrite Corporation
Profit & Loss
January 2007

	Jan 07
Net Other Income	134.46
Net Income	742,717.74

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Telrite Corporation
Balance Sheet
As of December 31, 2006

	Dec 31, 06
ASSETS	
Current Assets	
Checking/Savings	
1001 Cash - FNB	-106,688.11
1002 Cash - Mainstreet	-187,776.10
1003.001 Cash - Telrite/Icenet	200,000.02
1003.003 Cash - Telrite/Icenet	200,000.00
1004 Telrite Corp Payroll Acct	18,908.09
1005 Cash - Tax & Reserve	13,150.99
1009 Petty Cash	
1009.001 Petty Cash - Covington	500.00
1009.002 Petty Cash - Marietta	7,500.00
1009.003 Petty Cash - JAX	2,500.00
1009 Petty Cash - Other	500.00
Total 1009 Petty Cash	11,000.00
Total Checking/Savings	148,594.89
Accounts Receivable	
1200 Accounts Receivable	
1200.001 AR Allowance	-1,350,792.32
1200 Accounts Receivable - Other	2,408,229.18
Total 1200 Accounts Receivable	1,057,436.86
Total Accounts Receivable	1,057,436.86
Other Current Assets	
1100 Accounts Receivable - TW	
1100.001 A/R - Reach Wireless	14,185.77
1100 Accounts Receivable - TW - Other	41,952.65
Total 1100 Accounts Receivable - TW	56,138.42
1104 Deposits	100,000.00
Undeposited Funds	-49,814.57
Total Other Current Assets	106,323.85
Total Current Assets	1,312,355.60
Fixed Assets	
1700 Property and Equipment	
1701 Computers	48,234.41
1702 Furniture and Fixtures	74,887.59
1703 Leasehold Improvements	
1703.001 Leasehold Imp-Marietta	82,243.63
1703 Leasehold Improvements - Other	128,544.55
Total 1703 Leasehold Improvements	210,788.18
1704 Switching Equipment	2,162,078.86
Total 1700 Property and Equipment	2,495,989.04

Telrite Corporation
Balance Sheet
As of December 31, 2006

	Dec 31, 06
1701 Accumulated Depreciation	-953,318.00
Total Fixed Assets	1,542,671.04
Other Assets	
1800 Intangible Assets	
1801 Onestar Customer List	4,068,595.00
1802 Directline Customer List	468,000.00
1803 Accxx Customer List	2,000,000.00
1800 Intangible Assets - Other	1,000.00
Total 1800 Intangible Assets	6,537,595.00
1820 Accumulated Amortization	-583,302.00
Total Other Assets	5,954,293.00
TOTAL ASSETS	8,809,319.64
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2100 Accounts Payable	649,799.53
Total Accounts Payable	649,799.53
Other Current Liabilities	
2101 Accrued Liabilities	500,000.00
2102 Tax Payable	
2102.001 2004 Liability	685,969.70
2102.002 2005 Liability	596,195.18
2102.003 2006 Liability	370,000.00
Total 2102 Tax Payable	1,652,164.88
2104 Note Payable - Current	2,747,731.86
2105 Deposits on Hand	27,500.00
Total Other Current Liabilities	4,927,396.74
Total Current Liabilities	5,577,196.27
Total Liabilities	5,577,196.27
Equity	
2801 Loans from Shareholders	18,406.00
2801 Stock	500.00
2900 Retained Earnings	2,397,069.00
Net Income	816,148.37
Total Equity	3,232,123.37
TOTAL LIABILITIES & EQUITY	8,809,319.64

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04/04/07
Accrual Basis

Telrite Corporation
Profit & Loss
January through December 2006

	Jan - Dec 06
Ordinary Income/Expense	
Income	
3000 Revenue	
3000.005 Prepaid LD Sales	655,105.14
3000.006 Other Revenue	853.58
3000 Revenue - Other	15,197,779.83
Total 3000 Revenue	15,853,738.55
3005 Revenue - Clearing	0.00
Total Income	15,853,738.55
Cost of Goods Sold	
4001 Usage	5,711,729.98
4002 Fixed Costs	0.00
4003 LD Prepaid Expense	343,479.77
Total COGS	6,055,209.75
Gross Profit	9,798,528.80
Expense	
4100 Advertising	-4,577.48
4101 Bank Service Charges	
4101.001 Internet Transfer Fee	35.19
4101.002 Wire Transfer Fee	3,134.00
4101.003 NSF Fee	1,663.39
4101.004 ACH Fees	903.25
4101.005 Return Item Fee	15.00
4101.006 Other Bank Charges	77,430.46
4101 Bank Service Charges - Other	235.10
Total 4101 Bank Service Charges	83,416.39
4102 Commissions Expense	927,651.98
4103 Contributions	6,187.99
4104 Depreciation&Amortization	
4104.1 Amortization Expense	175,500.00
4104.2 Depreciation Expense	415,000.00
Total 4104 Depreciation&Amortization	590,500.00
4105 Insurance	
4105.1 Disability Insurance	1,221.19
4105 Insurance - Other	16,715.87
Total 4105 Insurance	17,937.06
4106 Interest Expense	
4106.1 Finance Charge	157,236.41
4106.2 Loan Interest	2,526.75
Total 4106 Interest Expense	159,763.16
4108 Miscellaneous	65,043.63
4109 Office Expense	

Telrite Corporation
Profit & Loss
January through December 2006

	Jan - Dec 06
4109.001 Collection/Factoring	156,295.12
4109 Office Expense - Other	0.00
Total 4109 Office Expense	156,295.12
4110 Office Supplies	
4110.001 Office Supplies	21,415.58
4110.002 Kitchen Supplies	573.63
4110 Office Supplies - Other	4,115.80
Total 4110 Office Supplies	26,105.01
4111 Personnel Expenses	
4111.001 Cellular Charges	4,616.33
4111.002 Insurance	174,837.47
4111.003 Payroll Expenses	
4111.00303 Payroll Exp - SC	1,250.00
4111.00305 Payroll Clearing	0.00
4111.003 Payroll Expenses - Other	3,494,916.61
Total 4111.003 Payroll Expenses	3,496,166.61
4111.004 EE & ER 401k Cont	350.00
4111 Personnel Expenses - Other	178,126.95
Total 4111 Personnel Expenses	3,854,097.36
4112 Postage and Delivery	135,362.90
4113 Printing and Reproduction	-306.82
4114 Professional Fees	
4114.001Accounting	5,613.00
4114.002 Legal Fees	184,802.13
Total 4114 Professional Fees	190,415.13
4115 Rent	137,659.68
4116 Repairs	
4116.001 Building Repairs	-5,849.37
4116.002 Computer Repairs	3,051.47
4116.003 Equipment Repairs	9,264.16
4116.005 Janitorial Exp	13,816.29
Total 4116 Repairs	20,282.55
4117 Taxes	
4117.001 Federal	500,000.00
4117.002 State	80,000.00
4117.004 Property	566.47
Total 4117 Taxes	580,566.47
4118 Travel & Ent	
4118.001 Entertainment	745.99
4118.002 Meals	10,879.52
4118.003 Travel	39,343.16
4118 Travel & Ent - Other	0.00
Total 4118 Travel & Ent	50,968.67

Telrite Corporation
Profit & Loss
January through December 2006

	Jan - Dec 06
4119 Utilities	
4119.001 Gas and Electric	33,764.89
4119.003 Telephone	2,443.08
4119.004 Internet Service	14,820.20
4119.005 Water	416.67
4119 Utilities - Other	4,369.59
Total 4119 Utilities	55,814.43
4120 Dues and Subscriptions	1,911.00
4121 Professional Development	2,631.32
4122 Recruiting	5,939.86
4123 Regulatory Fees	
4123.001 Federal USF Fees	800,341.99
4123.002 State USF Fees	10,876.94
4123.003 Other State Regulatory	121,970.43
4123.004 Corp Registration Fees	117.73
4123.005 Sales Tax Remittance	9,367.40
4123 Regulatory Fees - Other	7,345.12
Total 4123 Regulatory Fees	950,019.61
4124 Billing Expense	686,099.31
4125 Credit Card Processing	2,998.53
4127 Bad Debt Expense	315,582.83
Total Expense	9,018,365.69
Net Ordinary Income	780,163.11
Other Income/Expense	
Other Income	
6000 Interest Income	35,874.76
6100 Other Income	110.50
Total Other Income	35,985.26
Net Other Income	35,985.26
Net Income	816,148.37

2005
INCOME TAX RETURN

2005 Corporation Income Tax Return
prepared for:

TELRITE CORPORATION
4113 MONTICELLO STREET
COVINGTON, GA 30014

Prepared by:

Tracy S. Sewell, CPA

HOWCO Business Service
5215 Highway 278 NE
Covington, GA 30014

Phone 770.786.7777
Fax 770.787.3964

Form **1120** — Department of the Treasury, Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2005 or tax year beginning ________, 2005, ending ________, ______

► See separate instructions.

OMB No. 1545-0123 — **2005**

A Check if:
1 Consolidated return (attach Form 851) ☐
2 Personal holding company (attach Schedule PH) ☐
3 Personal service corp (see instructions) ☐
4 Schedule M-3 required (attach Sch M-3) ☐

Use IRS label. Otherwise, print or type.

Name: TELRITE CORPORATION
Number, street, and room or suite number. If a P.O. box, see instructions.: 4113 MONTICELLO STREET
City or town: COVINGTON — state: GA — ZIP code: 30014

B Employer identification number: 59-3631460
C Date incorporated: 01/01/2002
D Total assets (see instructions): $ 8,405,219.

E Check if: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change

INCOME	1a	Gross receipts or sales 13,053,571. b Less returns & allowances ____ c Balance ►			1c	13,053,571.
	2	Cost of goods sold (Schedule A, line 8)			2	5,408,273.
	3	Gross profit. Subtract line 2 from line 1c			3	7,645,298.
	4	Dividends (Schedule C, line 19)			4	
	5	Interest			5	27,871.
	6	Gross rents			6	
	7	Gross royalties			7	
	8	Capital gain net income (attach Schedule D (Form 1120))			8	
	9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)			9	
	10	Other income (see instructions — attach schedule)			10	
	11	**Total income.** Add lines 3 through 10 ►			11	7,673,169.
DEDUCTIONS (SEE INSTRUCTIONS FOR LIMITATIONS ON DEDUCTIONS)	12	Compensation of officers (Schedule E, line 4)			12	
	13	Salaries and wages (less employment credits)			13	1,732,651.
	14	Repairs and maintenance			14	18,731.
	15	Bad debts			15	
	16	Rents			16	52,055.
	17	Taxes and licenses			17	147,027.
	18	Interest			18	
	19	Charitable contributions (see instructions for 10% limitation)			19	100.
	20a	Depreciation (attach Form 4562)	20a	419,182.		
	b	Less depreciation claimed on Schedule A and elsewhere on return	20b		20c	419,182.
	21	Depletion			21	
	22	Advertising			22	17,792.
	23	Pension, profit-sharing, etc, plans			23	
	24	Employee benefit programs			24	
	25	Domestic production activities deduction (attach Form 8903)			25	
	26	Other deductions (attach schedule) . . See Other Deductions Statement			26	2,866,320.
	27	**Total deductions.** Add lines 12 through 26 ►			27	5,253,858.
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11			28	2,419,311.
	29	**Less:** a Net operating loss deduction (see instructions)	29a			
		b Special deductions (Schedule C, line 20)	29b		29c	
TAX AND PAYMENTS	30	**Taxable income.** Subtract line 29c from line 28 (see instructions if Sch C, line 12, was completed)			30	2,419,311.
	31	**Total tax** (Schedule J, line 11)			31	822,566.
	32	**Payments:** a 2004 overpayment credited to 2005	32a			
		b 2005 estimated tax payments	32b	435,000.		
		c Less 2005 refund applied for on Form 4466	32c			
		d Bal ►	32d	435,000.		
		e Tax deposited with Form 7004	32e			
		f Credits: (1) Form 2439 ____ (2) Form 4136 ____	32f		32g	435,000.
	33	Estimated tax penalty (see instructions). Check if Form 2220 is attached ► ☒			33	1,513.
	34	**Tax due.** If line 32g is smaller than the total of lines 31 and 33, enter amount owed			34	389,079.
	35	**Overpayment.** If line 32g is larger than the total of lines 31 and 33, enter amount overpaid			35	
	36	Enter amount of line 35 you want: Credited to 2006 estimated tax ► Refunded ►			36	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

► Signature of officer — Date: 12-19-06 — ► Title: PRESIDENT

May the IRS discuss this return with the preparer shown below? (see inst) ☒ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature ►	Date: 12/18/06	Check if self-employed ☐	Preparer's SSN or PTIN: P00061435
Firm's Name (or yours if self-employed), address, and ZIP code ►	HOWCO Business Service, 5215 Highway 278 NE, Covington GA 30014		EIN: 20-0610303
			Phone no. (770) 786-7777

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	0.
2	Purchases	2	5,408,273.
3	Cost of labor	3	
4	Additional Section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	**Total.** Add lines 1 through 5	6	5,408,273.
7	Inventory at end of year	7	
8	**Cost of goods sold.** Subtract line 7 from line 6. Enter here and on page 1, line 2	8	5,408,273.

9a Check all methods used for valuing closing inventory:

(i) [X] Cost

(ii) [ ] Lower of cost or market

(iii) [ ] Other (Specify method used and attach explanation.) ► ______

b Check if there was a writedown of subnormal goods ► [ ]

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ► [ ]

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO | 9d |

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? [ ] Yes [ ] No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If 'Yes,' attach explanation [ ] Yes [X] No

Schedule C Dividends and Special Deductions (see instructions)

		(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3	Dividends on debt-financed stock of domestic and foreign corporations			
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8	Dividends from wholly owned foreign subsidiaries		100	
9	**Total.** Add lines 1 through 8. See instructions for limitation			
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11	Dividends from affiliated group members and certain FSCs		100	
12	Dividends from controlled foreign corporations (attach Form 8895)		85	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15	Foreign dividend gross-up			
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17	Other dividends			
18	Deduction for dividends paid on certain preferred stock of public utilities			
19	Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4 ►			
20	**Total special deductions.** Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b ►			

Schedule E Compensation of Officers (see instructions for page 1, line 12)

Note: *Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are $500,000 or more.*

1 (a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned (d) Common	(e) Preferred	(f) Amount of compensation
AVAILABLE UPON REQUEST		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	

2	Total compensation of officers	
3	Compensation of officers claimed on Schedule A and elsewhere on return	
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12	

Schedule J Tax Computation (see instructions)

1 Check if the corporation is a member of a controlled group ► ☐

Important: Members of a controlled group, see instructions.

2a If the box on line 1 is checked, enter the corporation's share of the $50,000, $25,000, & $9,925,000 taxable income brackets (in that order):

(1) $ ______ (2) $ ______ (3) $ ______

b Enter the corporation's share of: (1) Additional 5% tax (not more than $11,750) $ ______

(2) Additional 3% tax (not more than $100,000) $ ______

3	Income tax. Check if a qualified personal service corporation (see instructions) ► ☐			3	822,566.
4	Alternative minimum tax (attach Form 4626)			4	
5	Add lines 3 and 4			5	822,566.
6a	Foreign tax credit (attach Form 1118)	6a			
b	Possessions tax credit (attach Form 5735)	6b			
c	Credits from: ☐ Form 8834 ☐ Form 8907, line 23	6c			
d	General business credit. Check box(es) and indicate which forms are attached. ☐ Form 3800 ☐ Form(s) (specify) ►	6d			
e	Credit for prior year minimum tax (attach Form 8827)	6e			
f	Bond credits from: ☐ Form 8860 ☐ Form 8912	6f			
7	**Total credits.** Add lines 6a through 6f			7	
8	Subtract line 7 from line 5			8	822,566.
9	Personal holding company tax (attach Schedule PH (Form 1120))			9	
10	Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866 ☐ Form 8902 ☐ Other (att schedule)			10	
11	**Total tax.** Add lines 8 through 10. Enter here and page 1, line 31			11	822,566.

Schedule K Other Information (see instructions)

		Yes	No
1	Check accounting method: a ☐ Cash b ☒ Accrual c ☐ Other (specify) ►		
2	See the instructions and enter the: a Business activity code no. ► 517000; b Business activity ► SALE LONG DIST; c Product or service ► LONG DISTANCE SVC.		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)		X
	If 'Yes,' attach a schedule showing: **(a)** name and employer identification number (EIN), **(b)** percentage owned, and **(c)** taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		
4	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?		X
	If 'Yes,' enter name and EIN of the parent corporation ►		
5	At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)	X	
	If 'Yes,' attach a schedule showing name and identifying number. (Do not include any information already entered in **4** above.) Enter % owned ► 100.00 See Ques 5 Stmt		
6	During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)		X
	If 'Yes,' file **Form 5452,** Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on **Form 851,** Affiliations Schedule, for each subsidiary.		
7	At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of **(a)** the total voting power of all classes of stock of the corporation entitled to vote or **(b)** the total value of all classes of stock of the corporation?		X
	If 'Yes,' enter: **(a)** Percentage owned ► and **(b)** Owner's country ►		
c	The corporation may have to file **Form 5472,** Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ►		
8	Check this box if the corporation issued publicly offered debt instruments with original issue discount ► ☐		
	If checked, the corporation may have to file **Form 8281,** Information Return for Publicly Offered Original Issue Discount Instruments.		
9	Enter the amount of tax-exempt interest received or accrued during the tax year ► $		
10	Enter the number of shareholders at the end of the tax year (if 100 or fewer) ► 2		
11	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ► ☐		
	If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T(b)(3) must be attached or the election will not be valid.		
12	Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ► $		
13	Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year **and** its total assets at the end of the tax year less than $250,000?		X
	If 'Yes,' the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ► $		

Note: *If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120),** Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.*

Note: *The corporation is not required to complete Schedules L, M-1 and M-2 if Question 13 on Schedule K is answered 'Yes.'*

Schedule L Balance Sheets per Books

Assets	Beginning of tax year (a)	(b)	End of tax year (c)	(d)
1 Cash		223,547.		777,918.
2a Trade notes and accounts receivable	1,158,317.		867,543.	
b Less allowance for bad debts		1,158,317.		867,543.
3 Inventories		0.		0.
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach schedule) .. Ln. 6. Stmt		800,000.		1,274,450.
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets	218,817.		2,225,472.	
b Less accumulated depreciation	119,136.	99,681.	538,318.	1,687,154.
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)	4,069,595.		4,069,595.	
b Less accumulated amortization	136,495.	3,933,100.	271,441.	3,798,154.
14 Other assets (attach schedule)		0.		
15 Total assets		6,214,645.		8,405,219.
Liabilities and Shareholders' Equity				
16 Accounts payable		1,232,703.		1,494,569.
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach sch)				
19 Loans from shareholders		317,600.		107,600.
20 Mortgages, notes, bonds payable in 1 year or more		3,207,088.		3,366,744.
21 Other liabilities (attach schedule)				
22 Capital stock: a Preferred stock				
b Common stock	500.	500.	500.	500.
23 Additional paid-in capital				
24 Retained earnings — Approp (att sch) .. Ln. 24. Stmt		575,578.		
25 Retained earnings — Unappropriated		881,176.		3,435,806.
26 Adjmnt to shareholders' equity (att sch)				
27 Less cost of treasury stock				
28 Total liabilities and shareholders' equity		6,214,645.		8,405,219.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see instructions)

1 Net income (loss) per books	1,592,369.	7 Income recorded on books this year not included on this return (itemize): Tax-exempt interest $	
2 Federal income tax per books	822,566.		
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
5 Expenses recorded on books this year not deducted on this return (itemize):		a Depreciation .. $	
a Depreciation .... $		b Charitable contribns $	
b Charitable contributions . $			
c Travel & entertainment .. $ 4,376.			
	4,376.	9 Add lines 7 and 8	
6 Add lines 1 through 5	2,419,311.	10 Income (page 1, line 28) — line 6 less line 9	2,419,311.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	881,176.	5 Distributions ... a Cash	
2 Net income (loss) per books	1,592,369.	b Stock c Property	
3 Other increases (itemize): See Ln 3 Stmt 962,261.		6 Other decreases (itemize):	
	962,261.	7 Add lines 5 and 6	
4 Add lines 1, 2, and 3	3,435,806.	8 Balance at end of year (line 4 less line 7)	3,435,806.

Form **2220**

Department of the Treasury
Internal Revenue Service

Underpayment of Estimated Tax by Corporations

► See separate instructions.
► Attach to the corporation's tax return.

OMB No. 1545-0142

2005

ame: TELRITE CORPORATION

Employer identification number: 59-3631460

Note: *Generally, the corporation is not required to file Form 2220 (see Part II below for exceptions) because the IRS will figure any penalty owed and bill the corporation. However, the corporation may still use Form 2220 to figure the penalty. If so, enter the amount from page 2, line 34 on the estimated tax penalty line of the corporation's income tax return, but* ***do not*** *attach Form 2220.*

Part I Required Annual Payment

1	Total tax (see instructions)		1	822,566.
2a	Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 1	2a		
b	Look-back interest included on line 1 under section 460(b)(2) for completed long-term contracts or section 167(g) for depreciation under the income forecast method	2b		
c	Credit for Federal tax paid on fuels (see instructions)	2c		
d	**Total.** Add lines 2a through 2c		2d	
3	Subtract line 2d from line 1. If the result is less than $500, **do not** complete or file this form. The corporation does not owe the penalty		3	822,566.
4	Enter the tax shown on the corporation's 2004 income tax return (see instructions). **Caution:** ***If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 3 on line 5***		4	507,773.
5	**Required Annual Payment.** Enter the **smaller** of line 3 or line 4. If the corporation is required to skip line 4, enter the amount from line 3		5	507,773.

Part II Reasons for Filing

— Check the boxes below that apply. If any boxes are checked, the corporation **must** file Form 2220, even if it does not owe a penalty (see instructions).

6 ☐ The corporation is using the adjusted seasonal installment method.

7 ☐ The corporation is using the annualized income installment method.

8 ☐ The corporation is a 'large corporation' figuring its first required installment based on the prior year's tax.

Part III Figuring the Underpayment

			(a)	(b)	(c)	(d)
9	**Installment due dates.** Enter in columns (a) through (d) the 15th day of the 4th *(Form 990 – PF filers:* Use 5th month), 6th, 9th, and 12th months of the corporation's tax year	9	04/15/05	06/15/05	09/15/05	12/15/05
10	**Required installments.** If the box on line 6 and/or line 7 above is checked, enter the amounts from Schedule A, line 38. If the box on line 8 (but not 6 or 7) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% of line 5 above in each column	10	126,943.	126,943.	126,943.	126,944.
11	Estimated tax paid or credited for each period (see instructions). For column (a) only, enter the amount from line 11 on line 15	11	200,000.		200,000.	35,000.
	Complete lines 12 through 18 of one column before going to the next column.					
12	Enter amount, if any, from line 18 of the preceding column	12		73,057.		19,171.
13	Add lines 11 and 12	13		73,057.	200,000.	54,171.
14	Add amounts on lines 16 and 17 of the preceding column	14			53,886.	0.
15	Subtract line 14 from line 13. If zero or less, enter -0-	15	200,000.	73,057.	146,114.	54,171.
16	If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-	16		0.	0.	
17	**Underpayment.** If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18	17		53,886.		72,773.
18	**Overpayment.** If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column	18	73,057.		19,171.	

Go to Part IV on page 2 to figure the penalty. Do not go to Part IV if there are no entries on 'ne 17 – no penalty is owed.

Part IV Figuring the Penalty

		(a)	(b)	(c)	(d)
19 Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see instructions). *(Form 990-PF and Form 990-T filers:* Use 5th month instead of 3rd month.)	19	See Stmt			
20 Number of days from due date of installment on line 9 to the date shown on line 19	20				
21 Number of days on line 20 after 4/15/2005 and before 10/1/2005	21				
22 Underpayment on line 17 x (Number of days on line 21 / 365) x 6%	22				
23 Number of days on line 20 after 9/30/2005 and before 4/1/2006	23				
24 Underpayment on line 17 x (Number of days on line 23 / 365) x 7%	24				
25 Number of days on line 20 after 3/31/2006 and before 7/1/2006	25				
26 Underpayment on line 17 x (Number of days on line 25 / 365) x ___*%	26				
27 Number of days on line 20 after 6/30/2006 and before 10/1/2006	27				
28 Underpayment on line 17 x (Number of days on line 27 / 365) x ___*%	28				
29 Number of days on line 20 after 9/30/2006 and before 1/1/2007	29				
30 Underpayment on line 17 x (Number of days on line 29 / 365) x ___*%	30				
31 Number of days on line 20 after 12/31/2006 and before 2/16/2007	31				
32 Underpayment on line 17 x (Number of days on line 31 / 365) x ___*%	32				
33 Add lines 22, 24, 26, 28, 30, and 32	33				

34 **Penalty.** Add columns (a) through (d) of line 33. Enter the total here and on Form 1120, line 33; Form 1120-A, line 29; or the comparable line for other income tax returns	34	1,513.

***For underpayments paid after March 31, 2006:** For lines 26, 28, 30, and 32, use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS website at **www.irs.gov.** You can also call 1-800-829-4933 to get interest rate information.

Form **4562** (Rev January 2006)

Department of the Treasury Internal Revenue Service

Depreciation and Amortization (Including Information on Listed Property)

► See separate instructions. ► Attach to your tax return.

OMB No. 1545-0172

2005

Attachment Sequence No. 67

ame(s) shown on return: TELRITE CORPORATION

Identifying number: 59-3631460

Business or activity to which this form relates: Form 1120 Line 20

Part I Election To Expense Certain Property Under Section 179

Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	$105,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	$420,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2004 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2006. Add lines 9 and 10, less line 12 ►	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special allowance for certain aircraft, certain property with a long production period, and qualified New York Liberty or GO Zone property (other than listed property) placed in service during the tax year (see instrs)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2005	17	35,658.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ► ☐		

Section B – Assets Placed in Service During 2005 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		1,879,351.	5.0 yrs	HY	200DB	375,871.
c 7-year property		31,098.	7.0 yrs	HY	200DB	4,443.
d 10-year property						
e 15-year property		96,205.	15.0 yrs	HY	SL	3,210.
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental			27.5 yrs	MM	S/L	
property			27.5 yrs	MM	S/L	
i Nonresidential real			39 yrs	MM	S/L	
property				MM	S/L	

Section C – Assets Placed in Service During 2005 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	419,182.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.*

Section A – Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles.***)**

24 a Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No **24b** If 'Yes,' is the evidence written? ☐ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for certain aircraft, certain property with a long production period, and qualified New York Liberty or GO Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						25		
26 Property used more than 50% in a qualified business use:								
27 Property used 50% or less in a qualified business use:								
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29	

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**do not** include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		

Note: *If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.*

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2005 tax year (see instructions):					
43 Amortization of costs that began before your 2005 tax year				43	271,307.
44 **Total.** Add amounts in column (f). See instructions for where to report				44	271,307.

Underpayment Penalty Statement

2005

► Attach to return

Name	Employer Identification No.
TELRITE CORPORATION	59-3631460

'Event'	Date	Amount Due	Amount Paid	Balance Due (Overpayment)	Percent	# of Days	Penalty
Payment	04/14/05		200,000.	-200,000.	6.00		
Amount Due	04/15/05	126,943.		-73,057.	6.00		
Amount Due	06/15/05	126,943.		53,886.	6.00	29	256.88
Payment	07/14/05		200,000.	-146,114.	6.00		
Amount Due	09/15/05	126,943.		-19,171.	6.00		
Payment	10/18/05		35,000.	-54,171.	7.00		
Amount Due	12/15/05	126,944.		72,773.	7.00	90	1,256.08
Date Filed	03/15/06			72,773.	7.00		

Total Penalty 1,512.96

Corporation Information Worksheet

2005

► Keep for your records

Part I – Identifying Information

Employer Identification Number 59-3631460

Name ..... TELRITE CORPORATION

Address ..... 4113 MONTICELLO STREET

City ..... COVINGTON State .. GA ZIP Code 30014

Telephone ..... (770) 202-0818 Extension ....

Fax ..... E-mail Address ....

If eligible for hurricane tax relief legislation benefits, check here ..... ► ☐

Part II – Type of Return

☐ Prepare Short-Form 1120-A ☐ Prepare Form 1120-H ☐ Prepare Schedule PH

Part III – Tax Year and Filing Information

☒ Calendar year
☐ Fiscal year – Ending month ....
☐ Short year – Beginning date ....
Ending date ....

Date Incorporated 01/01/2002
1120-H filers only: Date association was formed ....

☐ Use general method of annualization to calculate regular tax for short year
IRS Service Center where corporation return is filed ..... Ogden, UT 84201-0012
☐ Corporation is enrolled in the Electronic Federal Tax Payment System (EFTPS)

Part IV– 2005 Estimated Tax Payments

Amount of 2004 overpayment credited to 2005 estimated tax .....

Payment Quarters	Due Date	Actual Payment Date	Amount Paid
First Quarter Payment	04/15/05	04/14/05	200,000.
Second Quarter Payment	06/15/05	07/14/05	200,000.
Third Quarter Payment	09/15/05	10/18/05	35,000.
Fourth Quarter Payment	12/15/05		
Additional Payment 1			
Additional Payment 2			
Additional Payment 3			
Additional Payment 4			

Part V – Electronic Filing Information

Electronic Filing:
Check this box to file the federal return electronically ►☐
Check this box to file the state(s) electronically ►☐

* Select the state or states to file electronically. Multiple states can be entered.

State(s) *

Practitioner PIN program:
Check this box to sign this return electronically using the Practitioner PIN ►☐
ERO entered PIN ►☐
Officer's PIN (enter any 5 numbers) ►
Date PIN entered ►

Electronic Filing of Extensions:
Check this box to file **Form 7004** (application for extension of time to file return) electronically ►☐
Check this box to file the Massachusetts Form 355-7004 (first extension of time to file) electronically ►☐

Information required for Electronic Filing:
Officer's Name ►

QuickZoom to the Electronic Filing Information Worksheet ►

Part VI – Direct Deposit or Electronic Funds Withdrawal Information

Does client want to use **direct deposit** of any **federal tax refund?** ►☐ Yes ☐ No

Does client want to use **electronic funds withdrawal** of **federal balance due** (EF only)? ►☐ Yes ☐ No

Does client want to use **electronic funds withdrawal** of **Form 7004 balance due** (EF only)? ►☐ Yes ☐ No

If you selected any of the options above, fill out the information below:
(Be sure to review transferred information for accuracy.)
Name of Financial Institution (optional) ►
Check the appropriate box ► Checking ☐ Savings ☐
Routing number ► Account number ►
Enter the payment date to withdraw tax payment ►
Balance due amount from this return ►
Enter an amount to withdraw tax payment ►
If partial payment is made, the remaining balance due ►

QuickZoom to Form 1120, Pages 1 and 2 ►
QuickZoom to Form 1120-A, Pages 1 and 2 ►
QuickZoom to Form 1120-H, ►
QuickZoom to Client Status ►

Form 1120/1120A Page 1, Line 19	**Contribution Limitation/Carryover Worksheet** ► Keep for your records	**2005**

Name as Shown on Return	Employer Identification No.
TELRITE CORPORATION	59-3631460

	A Amount	B Deduction Allowed in Current Year	C Adjustment under Section 170(d)(2)(B)	D New Carryover
1 Enter current year contribution subject to the 10% limitation	100.	100.		0.
Note: Enter Katrina contributions below (line 18d)				
2 Carryover from:				
a 1st preceding period				
b 2nd preceding period				
c 3rd preceding period				
d 4th preceding period				
e 5th preceding period				
3 **Totals**	100.	100.		0.

4 Amount of carryover to expire next year due to 5 year limitation	
5 Total amount of contribution carryover to next year ►	0.

Computation of Taxable Income for 10% (and Ketra) Limitation

6 Taxable income computed without Section 179, contribution or domestic production activities deduction	2,419,411.
7 Section 179 deduction (for purposes of contribution limitation)	
8 Taxable income computed with Section 179 deduction. Line 6 minus line 7	2,419,411.
9 Maximum contribution. 10% of line 8	241,941.
10 Contribution deduction (for purposes of section 179 limitation). Smaller of line 3, column A or line 9	100.
11 Taxable income computed with contribution deduction. Line 6 minus line 10	2,419,311.
12 Actual section 179 deduction	
13 Taxable income computed with actual section 179 deduction. Line 6 minus line 12	2,419,411.
14 Net operating loss deduction (from Net Operating Loss Worksheet, Column A), limited by line 13 of this worksheet	
15 Taxable income for purposes of contribution deduction. Line 13 minus line 14	2,419,411.
16 Maximum contribution. 10% of line 15	241,941.
17 Actual 10% contribution deduction. Smaller of line 3, column A, or line 16	100.

Additional contribution allowed under the Katrina Emergency Tax Relief Act of 2005 and the Gulf Opportunity Zone Act of 2005

18 a Taxable income (from line 15 above)	2,419,411.	
b Less 10% contribution deduction, if any, from line 17 above	100.	
c Maximum additional contribution allowed (line 18a - line 18b)	2,419,311.	
d Qualified contributions 8/28/05 - 12/31/05		
19 Additional contribution allowed. Smaller of line 18c, or 18d.		
20 Add lines 17 and 19. Report on Form 1120 or 1120-A, page 1, line 19 ►		100.
21 Carryover of unallowed Katrina contributions to 2006		

Form 1120/ 1120-A

Carryovers/Carryforwards Worksheet

► Keep for your records

2005

Name as Shown on Return: TELRITE CORPORATION

Employer ID No.: 59-3631460

	To Current Year	To Next Year
Form 1120/1120-A:		
Contributions carryover		
Net Operating Loss carryover		
AMT Net Operating Loss carryover		
Schedule D (Form 1120):		
Unused capital loss carryover		
Less current year capital loss carried back		
Carryover expiring next year due to 5 year limitation		
Capital loss carryover to next year		
Form 2220:		
Tax	507,773.	822,566.
Form 4562:		
Section 179 carryover		
Form 4797:		
Nonrecaptured net Section 1231 losses – 2000		
Nonrecaptured net Section 1231 losses – 2001		
Nonrecaptured net Section 1231 losses – 2002		
Nonrecaptured net Section 1231 losses – 2003		
Nonrecaptured net Section 1231 losses – 2004		
Nonrecaptured net Section 1231 losses – 2005		
Total nonrecaptured net Section 1231 loss carryforwards		
Form 8827:		
Prior year Alternative Minimum Tax from Form 4626		
Minimum tax credit carryforward		
Form 3800:		
General business credit carryforward		
Form 6478:		
Credit for alcohol used as fuel		
Form 8835, Section B:		
Electricity and refined coal production credit		
Form 8844:		
Empowerment zone employment (EZE) credit carryforward		

Form 1120/ 1120-A

Corporate Tax Calculation Worksheet

► Keep for your records

2005

Name as Shown on Return	Employer Identification No.
TELRITE CORPORATION	59-3631460

1	Taxable income from line 30, Form 1120, or line 26, Form 1120-A	1	2,419,311.
2	Enter amount from line 1 or $50,000 (or share of $50,000 if controlled group member), whichever is less	2	50,000.
3	Subtract line 2 from line 1	3	2,369,311.
4	Enter amount from line 3 or $25,000 (or share of $25,000 if controlled group member), whichever is less	4	25,000.
5	Subtract line 4 from line 3	5	2,344,311.
6	Enter amount from line 5 or $9,925,000 (or share of $9,925,000 if controlled group member), whichever is less	6	2,344,311.
7	Subtract line 6 from line 5	7	0.
8	Multiply line 2 by 15%	8	7,500.
9	Multiply line 4 by 25%	9	6,250.
10	Multiply line 6 by 34%	10	797,066.
11	Multiply line 7 by 35%	11	0.
12	If taxable income exceeds $100,000, enter smaller of: (a) 5% of the excess over $100,000 or (b) $11,750 **Note:** Controlled group members only, enter your share of the additional 5% tax on this line.	12	11,750.
13	If taxable income exceeds $15,000,000, enter smaller of: (a) 3% of the excess over $15,000,000 or (b) $100,000 **Note:** Controlled group members only, enter your share of the additional 3% tax on this line.	13	0.
14	Add lines 8 through 13. Enter here and on line 3, Schedule J, Form 1120, or line 1, Part I, Form 1120-A	14	822,566.

TELRITE CORPORATION 59-3631460

Federal 1120 Depreciation Report
Regular Tax

Activity .... Form 1120 Line 20 - 2005
Total cost of goods sold ....

Description Cost of Goods Sold	In Service Disposed	Cost Basis	Land Sec. 179	Bus % Listed	Type Mthd	Class Life	Conv Year	**Depr** Prior
SWITCHING EQUIPMENT	02/14/02	10,000.		100.00	MACRS	5	HY	1,152.
		10,000.			200DB	5.00	4	7,120.
SWITCHING EQUIPMENT	03/20/02	20,000.		100.00	MACRS	5	HY	2,304.
		20,000.			200DB	5.00	4	14,240.
SWITCHING EQUIPMENT	04/08/02	20,000.		100.00	MACRS	5	HY	2,304.
		20,000.			200DB	5.00	4	14,240.
SWITCHING EQUIPMENT	10/31/02	14,000.		100.00	MACRS	5	HY	1,613.
		14,000.			200DB	5.00	4	9,968.
EQUIPMENT	11/30/02	542.		100.00	MACRS	5	HY	62.
		542.			200DB	5.00	4	386.
SWITCHING EQUIPMENT	01/01/03	1,000.		100.00	MACRS	5	HY	192.
		1,000.			200DB	5.00	3	520.
SWITCHING EQUIPMENT	07/18/03	1,500.		100.00	MACRS	5	HY	288.
		1,500.			200DB	5.00	3	780.
SWITCHING EQUIPMENT	06/09/03	1,604.		100.00	MACRS	5	HY	308.
		1,604.			200DB	5.00	3	834.
SWITCHING EQUIPMENT	04/25/03	710.		100.00	MACRS	5	HY	136.
		710.			200DB	5.00	3	369.
SWITCHING EQUIPMENT	05/28/03	525.		100.00	MACRS	5	HY	101.
		525.			200DB	5.00	3	273.
SWITCHING EQUIPMENT	01/15/03	119,500.		100.00	MACRS	5	HY	22,944.
		119,500.			200DB	5.00	3	62,140.
FURNITURE AND FIXTURES	01/05/03	2,500.		100.00	MACRS	7	HY	437.
		2,500.			200DB	7.00	3	969.
COMPUTERS	02/01/03	5,000.		100.00	MACRS	5	HY	960.
		5,000.			200DB	5.00	3	2,600.
AMORTIZATION	01/01/02	1,000.		100.00	AMORT		NA	67.
		1,000.				15.00	4	134.
COMPUTERS	02/01/04	7,828.		100.00	MACRS	5	HY	1,252.
		3,914.			200DB	5.00	2	783.
SWITCHING EQUIPMENT	01/01/04	13,108.		100.00	MACRS	7	HY	1,605.
		6,554.			200DB	7.00	2	936.
SWITCHING EQUIPMENT	01/11/05	10,000.		100.00	MACRS	5	HY	2,000.
		10,000.			200DB	5.00	1	
STRATACOM SWITCHING EQ	01/31/05	1,800,000.		100.00	MACRS	5	HY	360,000.
		1,800,000.			200DB	5.00	1	
1300 SHARING CPU SWITC	02/14/05	7,034.		100.00	MACRS	5	HY	1,407.
		7,034.			200DB	5.00	1	
LUCENT EXCEL 2000 SWIT	03/04/05	8,343.		100.00	MACRS	5	HY	1,669.
		8,343.			200DB	5.00	1	
SWITCHING EQUIPMENT	03/10/05	10,000.		100.00	MACRS	5	HY	2,000.
		10,000.			200DB	5.00	1	
COMPUTERS FL	03/11/05	3,600.		100.00	MACRS	5	HY	720.
		3,600.			200DB	5.00	1	
LEASEHOLD IMPROVEMENTS	05/01/05	8,000.		100.00	MACRS	15		267.
		8,000.			SL	15.00	1	

Federal 1120 Depreciation Report Continued
Regular Tax

Activity .... Form 1120 Line 20 - 2005
Total cost of goods sold ....

Description / Cost of Goods Sold	In Service / Disposed	Cost / Basis	Land / Sec. 179	Bus % / Listed	Type / Mthd	Class / Life	Conv / Year	**Depr** / Prior
OFFICE CUBES - MARIETTA	05/17/05	5,783.		100.00	MACRS	7	HY	826.
		5,783.			200DB	7.00	1	
OFFICE CAMERAS/COMPUTE	05/31/05	2,549.		100.00	MACRS	5	HY	510.
		2,549.			200DB	5.00	1	
COMPAQ STORAGE - RAID	05/31/05	2,970.		100.00	MACRS	5	HY	594.
		2,970.			200DB	5.00	1	
OFICE CUBES - MARIETTA	06/01/05	6,147.		100.00	MACRS	7	HY	878.
		6,147.			200DB	7.00	1	
LEASEHOLD IMPROVEMENTS	06/01/05	8,000.		100.00	MACRS	15		267.
		8,000.			SL	15.00	1	
LEASEHOLD IMPROVEMENTS	06/06/05	3,000.		100.00	MACRS	15		100.
		3,000.			SL	15.00	1	
LEASEHOLD IMPROVEMENTS	06/28/05	8,000.		100.00	MACRS	15		267.
		8,000.			SL	15.00	1	
CSR COMPUTERS12	06/30/05	7,064.		100.00	MACRS	5	HY	1,413.
		7,064.			200DB	5.00	1	
LEASEHOLD IMPROVEMENT	06/30/05	3,639.		100.00	MACRS	15		121.
		3,639.			SL	15.00	1	
OFFICE CUBES - MARIETTA	07/01/05	2,008.		100.00	MACRS	7	HY	287.
		2,008.			200DB	7.00	1	
COMPUTERS - CAMERA EQU	07/08/05	3,236.		100.00	MACRS	5	HY	647.
		3,236.			200DB	5.00	1	
FURNITURE - COVINGTON	07/12/05	2,160.		100.00	MACRS	7	HY	309.
		2,160.			200DB	7.00	1	
LEASEHOLD IMPROVEMENTS	08/02/05	8,000.		100.00	MACRS	15		267.
		8,000.			SL	15.00	1	
LEASEHOLD IMPROVEMENT	09/01/05	7,200.		100.00	MACRS	15		240.
		7,200.			SL	15.00	1	
LEASEHOLD IMPROVEMENTS	09/08/05	8,000.		100.00	MACRS	15		267.
		8,000.			SL	15.00	1	
LEASEHOLD IMPROVEMENTS	10/03/05	8,000.		100.00	MACRS	15		267.
		8,000.			SL	15.00	1	
LEASEHOLD IMPROVEMENTS	10/03/05	3,300.		100.00	MACRS	15		110.
		3,300.			SL	15.00	1	
16 LINK CORD ISUP - SW	10/01/05	12,000.		100.00	MACRS	5	HY	2,400.
		12,000.			200DB	5.00	1	
LEASEHOLD IMPROVEMENTS	10/21/05	8,000.		100.00	MACRS	15		267.
		8,000.			SL	15.00	1	
OFFICE CUBES - MARIETTA	10/26/05	6,000.		100.00	MACRS	7	HY	857.
		6,000.			200DB	7.00	1	
LEASEHOLD IMPROVEMENTS	11/07/05	8,000.		100.00	MACRS	15		267.
		8,000.			SL	15.00	1	
OFFICE CUBES	11/22/05	9,000.		100.00	MACRS	7	HY	1,286.
		9,000.			200DB	7.00	1	
LEASEHOLD IMPROVEMENTS	11/23/05	8,000.		100.00	MACRS	15		267.
		8,000.			SL	15.00	1	
LEASEHOLD IMPROVEMENTS	12/06/05	7,066.		100.00	MACRS	15		236.
		7,066.			SL	15.00	1	

Federal 1120 Depreciation Report
Regular Tax

Continued

Activity .... Form 1120 Line 20 - 2005
Total cost of goods sold ....

Description / Cost of Goods Sold	In Service / Disposed	Cost / Basis	Land / Sec. 179	Bus % / Listed	Type / Mthd	Class / Life	Conv / Year	**Depr** / Prior
SS& COARD	08/15/05	12,555.		100.00	MACRS	5	HY	2,511.
		12,555.			200DB	5.00	1	
ONESTAR CUSTOMER LIST	07/01/04	4,068,595.		100.00	AMORT		NA	271,240.
		4,068,595.				15.00	2	136,361.
Total		6,294,066.						690,489.
		6,283,598.						252,653.

Federal 1120 Depreciation Report
Alternative Minimum Tax

Activity .... Form 1120 Line 20 - 2005
Passive adjustment .... Passive preference ....

Description	Real	Passive	AMT Cost / AMT Basis	AMT Life / AMT Mthd	AMT Depr / AMT Prior	**AMT Adj** / **AMT Pref**
SWITCHING EQUIPMENT			10,000.	5.00		
			10,000.	150DB		
SWITCHING EQUIPMENT			20,000.	5.00		
			20,000.	150DB		
SWITCHING EQUIPMENT			20,000.	5.00		
			20,000.	150DB		
SWITCHING EQUIPMENT			14,000.	5.00		
			14,000.	150DB		
EQUIPMENT			542.	5.00		
			542.	150DB		
SWITCHING EQUIPMENT			1,000.	5.00		
			1,000.	150DB		
SWITCHING EQUIPMENT			1,500.	5.00		
			1,500.	150DB		
SWITCHING EQUIPMENT			1,604.	5.00		
			1,604.	150DB		
SWITCHING EQUIPMENT			710.	5.00		
			710.	150DB		
SWITCHING EQUIPMENT			525.	5.00		
			525.	150DB		
SWITCHING EQUIPMENT			119,500.	5.00		
			119,500.	150DB		
FURNITURE AND FIXTURES			2,500.	7.00		
			2,500.	150DB		
COMPUTERS			5,000.	5.00		
			5,000.	150DB		
AMORTIZATION			1,000.			
COMPUTERS			7,828.	5.00		
			3,914.	200DB		

Federal 1120 Depreciation Report
Alternative Minimum Tax

Continued

Activity .... Form 1120 Line 20 - 2005

Passive adjustment .... Passive preference ....

Description	Real	Passive	AMT Cost / AMT Basis	AMT Life / AMT Mthd	AMT Depr / AMT Prior	**AMT Adj / AMT Pref**
SWITCHING EQUIPMENT			13,108.	7.00		
			6,554.	200DB		
SWITCHING EQUIPMENT			10,000.	5.00		
			10,000.	150DB		
STRATACOM SWITCHING EQUIP			1,800,000.	5.00		
			1,800,000.	150DB		
1300 SHARING CPU SWITCHIN			7,034.	5.00		
			7,034.	150DB		
LUCENT EXCEL 2000 SWITCH			8,343.	5.00		
			8,343.	150DB		
SWITCHING EQUIPMENT			10,000.	5.00		
			10,000.	150DB		
COMPUTERS FL			3,600.	5.00		
			3,600.	150DB		
LEASEHOLD IMPROVEMENTS -			8,000.	15.00		
			8,000.	SL		
OFFICE CUBES - MARIETTA			5,783.	7.00		
			5,783.	150DB		
OFFICE CAMERAS/COMPUTERS			2,549.	5.00		
			2,549.	150DB		
COMPAQ STORAGE - RAID ARR			2,970.	5.00		
			2,970.	150DB		
OFICE CUBES - MARIETTA			6,147.	7.00		
			6,147.	150DB		
LEASEHOLD IMPROVEMENTS -			8,000.	15.00		
			8,000.	SL		
LEASEHOLD IMPROVEMENTS -			3,000.	15.00		
			3,000.	SL		
LEASEHOLD IMPROVEMENTS -			8,000.	15.00		
			8,000.	SL		
CSR COMPUTERS12			7,064.	5.00		
			7,064.	150DB		
LEASEHOLD IMPROVEMENT - M			3,639.	15.00		
			3,639.	SL		
OFFICE CUBES - MARIETTA			2,008.	7.00		
			2,008.	150DB		
COMPUTERS - CAMERA EQUIPM			3,236.	5.00		
			3,236.	150DB		
FURNITURE - COVINGTON			2,160.	7.00		
			2,160.	150DB		
LEASEHOLD IMPROVEMENTS -			8,000.	15.00		
			8,000.	SL		
LEASEHOLD IMPROVEMENT - M			7,200.	15.00		
			7,200.	SL		
LEASEHOLD IMPROVEMENTS -			8,000.	15.00		
			8,000.	SL		
LEASEHOLD IMPROVEMENTS -			8,000.	15.00		
			8,000.	SL		

Federal 1120 Depreciation Report
Alternative Minimum Tax

Continued

Activity .... Form 1120 Line 20 - 2005
Passive adjustment ....   Passive preference ....

Description	Real	Passive	AMT Cost / AMT Basis	AMT Life / AMT Mthd	AMT Depr / AMT Prior	**AMT Adj** / **AMT Pref**
LEASEHOLD IMPROVEMENTS -	☐	☐	3,300.	15.00		
			3,300.	SL		
16 LINK CORD ISUP - SWITC	☐	☐	12,000.	5.00		
			12,000.	150DB		
LEASEHOLD IMPROVEMENTS -	☐	☐	8,000.	15.00		
			8,000.	SL		
OFFICE CUBES - MARIETTA	☐	☐	6,000.	7.00		
			6,000.	150DB		
LEASEHOLD IMPROVEMENTS -	☐	☐	8,000.	15.00		
			8,000.	SL		
OFFICE CUBES	☐	☐	9,000.	7.00		
			9,000.	150DB		
LEASEHOLD IMPROVEMENTS -	☐	☐	8,000.	15.00		
			8,000.	SL		
LEASEHOLD IMPROVEMENTS -	☐	☐	7,066.	15.00		
			7,066.	SL		
SS& COARD	☐	☐	12,555.	5.00		
			12,555.	150DB		
ONESTAR CUSTOMER LIST	☐	☐	4,068,595.			
Total			6,294,066.			
			2,214,003.			

Federal 1120 Depreciation Report
Adjusted Current Earnings

Activity .... Form 1120 Line 20 - 2005
Passive adjustment ....

Description	ACE Cost / ACE Basis	Depreciation before TY 1990 / ACE Life	ACE Depreciation / ACE Prior	**ACE Adj**
SWITCHING EQUIPMENT	10,000.			
SWITCHING EQUIPMENT	20,000.			
SWITCHING EQUIPMENT	20,000.			
SWITCHING EQUIPMENT	14,000.			
EQUIPMENT	542.			
SWITCHING EQUIPMENT	1,000.			
SWITCHING EQUIPMENT	1,500.			

Federal 1120 Depreciation Report
Adjusted Current Earnings

Continued

Activity .... Form 1120 Line 20 - 2005
Passive adjustment ....

Description	ACE Cost	Depreciation before TY 1990	ACE Depreciation	
	ACE Basis	ACE Life	ACE Prior	**ACE Adj**
SWITCHING EQUIPMENT	1,604.			
SWITCHING EQUIPMENT	710.			
SWITCHING EQUIPMENT	525.			
SWITCHING EQUIPMENT	119,500.			
FURNITURE AND FIXTURES	2,500.			
COMPUTERS	5,000.			
AMORTIZATION	1,000.			
COMPUTERS	7,828.			
SWITCHING EQUIPMENT	13,108.			
SWITCHING EQUIPMENT	10,000.			
STRATACOM SWITCHING EQUIPME	1,800,000.			
1300 SHARING CPU SWITCHING	7,034.			
LUCENT EXCEL 2000 SWITCH W/	8,343.			
SWITCHING EQUIPMENT	10,000.			
COMPUTERS FL	3,600.			
LEASEHOLD IMPROVEMENTS - MA	8,000.			
OFFICE CUBES - MARIETTA	5,783.			
OFFICE CAMERAS/COMPUTERS	2,549.			
COMPAQ STORAGE - RAID ARRAY	2,970.			
OFICE CUBES - MARIETTA	6,147.			
LEASEHOLD IMPROVEMENTS - MA	8,000.			
LEASEHOLD IMPROVEMENTS - MA	3,000.			
LEASEHOLD IMPROVEMENTS - MA	8,000.			

Federal 1120 Depreciation Report
Adjusted Current Earnings

Continued

Activity .... Form 1120 Line 20 - 2005
Passive adjustment ....

Description	ACE Cost	Depreciation before TY 1990	ACE Depreciation	
	ACE Basis	ACE Life	ACE Prior	**ACE Adj**
CSR COMPUTERS12	7,064.			
LEASEHOLD IMPROVEMENT - MAR	3,639.			
OFFICE CUBES - MARIETTA	2,008.			
COMPUTERS - CAMERA EQUIPMENT	3,236.			
FURNITURE - COVINGTON	2,160.			
LEASEHOLD IMPROVEMENTS - MA	8,000.			
LEASEHOLD IMPROVEMENT - MAR	7,200.			
LEASEHOLD IMPROVEMENTS - MA	8,000.			
LEASEHOLD IMPROVEMENTS - MA	8,000.			
LEASEHOLD IMPROVEMENTS - MA	3,300.			
16 LINK CORD ISUP - SWITCHI	12,000.			
LEASEHOLD IMPROVEMENTS - MA	8,000.			
OFFICE CUBES - MARIETTA	6,000.			
LEASEHOLD IMPROVEMENTS - MA	8,000.			
OFFICE CUBES	9,000.			
LEASEHOLD IMPROVEMENTS - MA	8,000.			
LEASEHOLD IMPROVEMENTS - MA	7,066.			
SS& COARD	12,555.			
ONESTAR CUSTOMER LIST	4,068,595.			
Total	6,294,066.			

TELRITE CORPORATION 59-3631460

Form 4562

Special Depreciation Allowance Report

Activity: Form 1120 Line 20 - 2005

Description	In Service	AMT Cost	AMT Basis	AMT SDA	Cost	SDA Basis	SDA
SWITCHING EQUIPMENT	02/14/02	10,000.			10,000.		
SWITCHING EQUIPMENT	03/20/02	20,000.			20,000.		
SWITCHING EQUIPMENT	04/08/02	20,000.			20,000.		
SWITCHING EQUIPMENT	10/31/02	14,000.			14,000.		
EQUIPMENT	11/30/02	542.			542.		
SWITCHING EQUIPMENT	01/01/03	1,000.			1,000.		
SWITCHING EQUIPMENT	07/18/03	1,500.			1,500.		
SWITCHING EQUIPMENT	06/09/03	1,604.			1,604.		
SWITCHING EQUIPMENT	04/25/03	710.			710.		
SWITCHING EQUIPMENT	05/28/03	525.			525.		
SWITCHING EQUIPMENT	01/15/03	119,500.			119,500.		
FURNITURE AND FIXTURES	01/05/03	2,500.			2,500.		
COMPUTERS	02/01/03	5,000.			5,000.		
AMORTIZATION	01/01/02	1,000.			1,000.		
COMPUTERS	02/01/04	7,828.			7,828.		3,914.
SWITCHING EQUIPMENT	01/01/04	13,108.			13,108.		6,554.
SWITCHING EQUIPMENT	01/11/05	10,000.			10,000.		
STRATACOM SWITCHING EQUI	01/31/05	1,800,000.			1,800,000.		
1300 SHARING CPU SWITCHI	02/14/05	7,034.			7,034.		
LUCENT EXCEL 2000 SWITCH	03/04/05	8,343.			8,343.		
SWITCHING EQUIPMENT	03/10/05	10,000.			10,000.		
COMPUTERS FL	03/11/05	3,600.			3,600.		
LEASEHOLD IMPROVEMENTS -	05/01/05	8,000.			8,000.		
OFFICE CUBES - MARIETTA	05/17/05	5,783.			5,783.		
OFFICE CAMERAS/COMPUTERS	05/31/05	2,549.			2,549.		
COMPAQ STORAGE - RAID AR	05/31/05	2,970.			2,970.		
OFICE CUBES - MARIETTA	06/01/05	6,147.			6,147.		
LEASEHOLD IMPROVEMENTS -	06/01/05	8,000.			8,000.		
LEASEHOLD IMPROVEMENTS -	06/06/05	3,000.			3,000.		
LEASEHOLD IMPROVEMENTS -	06/28/05	8,000.			8,000.		
CSR COMPUTERS12	06/30/05	7,064.			7,064.		
LEASEHOLD IMPROVEMENT -	06/30/05	3,639.			3,639.		
OFFICE CUBES - MARIETTA	07/01/05	2,008.			2,008.		
COMPUTERS - CAMERA EQUIP	07/08/05	3,236.			3,236.		
FURNITURE - COVINGTON	07/12/05	2,160.			2,160.		
LEASEHOLD IMPROVEMENTS -	08/02/05	8,000.			8,000.		
LEASEHOLD IMPROVEMENT -	09/01/05	7,200.			7,200.		
LEASEHOLD IMPROVEMENTS -	09/08/05	8,000.			8,000.		
LEASEHOLD IMPROVEMENTS -	10/03/05	8,000.			8,000.		
LEASEHOLD IMPROVEMENTS -	10/03/05	3,300.			3,300.		
16 LINK CORD ISUP - SWIT	10/01/05	12,000.			12,000.		
LEASEHOLD IMPROVEMENTS -	10/21/05	8,000.			8,000.		
OFFICE CUBES - MARIETTA	10/26/05	6,000.			6,000.		
LEASEHOLD IMPROVEMENTS -	11/07/05	8,000.			8,000.		
OFFICE CUBES	11/22/05	9,000.			9,000.		
LEASEHOLD IMPROVEMENTS -	11/23/05	8,000.			8,000.		
LEASEHOLD IMPROVEMENTS -	12/06/05	7,066.			7,066.		
SS& COARD	08/15/05	12,555.			12,555.		
ONESTAR CUSTOMER LIST	07/01/04	4,068,595.			4,068,595.		
Total		6,294,066.			6,294,066.		10,468.

Form **1120-W** (WORKSHEET)

Department of the Treasury
Internal Revenue Service

Estimated Tax for Corporations

For calendar year 2006, or tax year beginning ________, 2006, and ending ________, ____

(Keep for the corporation's records — Do *not* send to the Internal Revenue Service.)

OMB No. 1545-0975

2006

Name: TELRITE CORPORATION

Employer Identification No.: 59-3631460

1	Taxable income expected for the tax year	1	2,419,311.		
	Qualified personal service corporations (defined in the instructions), skip lines 2 through 13 and go to line 14. Members of a controlled group, see instructions.				
2	Enter the **smaller** of line 1 or $50,000	2	50,000.		
3	Multiply line 2 by 15%			3	7,500.
4	Subtract line 2 from line 1	4	2,369,311.		
5	Enter the **smaller** of line 4 or $25,000	5	25,000.		
6	Multiply line 5 by 25%			6	6,250.
7	Subtract line 5 from line 4	7	2,344,311.		
8	Enter the **smaller** of line 7 or $9,925,000	8	2,344,311.		
9	Multiply line 8 by 34%			9	797,066.
10	Subtract line 8 from line 7	10	0.		
11	Multiply line 10 by 35%			11	0.
12	If line 1 is greater than $100,000, enter the **smaller** of **(a)** 5% of the excess over $100,000 or **(b)** $11,750. Otherwise, enter -0-			12	11,750.
13	If line 1 is greater than $15 million, enter the **smaller** of **(a)** 3% of the excess over $15 million or **(b)** $100,000. Otherwise, enter -0-			13	0.
14	Add lines 3, 6, 9, and 11 through 13. (Qualified personal service corporations, multiply line 1 by 35%.)			14	822,566.
15	Alternative minimum tax (see instructions)			15	
16	**Total.** Add lines 14 and 15			16	822,566.
17	Tax credits (see instructions)			17	
18	Subtract line 17 from line 16			18	822,566.
19	Other taxes (see instructions)			19	
20	**Total tax.** Add lines 18 and 19			20	822,566.
21	Credit for Federal tax paid on fuels (see instructions)			21	
22	Subtract line 21 from line 20. **Note:** *If the result is less than $500, the corporation is not required to make estimated tax payments*			22	822,566.
23a	Enter the tax shown on the corporation's 2005 tax return (see instructions). **Caution:** *If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 22 on line 23b*			23a	822,566.
b	Enter the **smaller** of line 22 or line 23a. If the corporation is required to skip line 23a, enter the amount from line 22			23b	822,566.

		(a)	(b)	(c)	(d)
24 **Installment due dates** (see instructions) ►	24	04/17/2006	06/15/2006	09/15/2006	12/15/2006
25 **Required installments.** Enter 25% of line 23b in columns **(a)** through **(d)** unless the corporation uses the annualized income installment method or adjusted seasonal installment method or is a 'large corporation' (see instructions)	25	205,642.	205,642.	205,642.	205,642.

Form 1120
Form 1120-A

Two Year Comparison

2005

► Keep for your records – **Do not file**

Name of Corporation	Employer Identification Number
:ELRITE CORPORATION	59-3631460

	2005		2004		Difference 2005 - 2004	
	Amount	% of Total Income	Amount	% of Total Income	Amount	%
1 a Gross receipts or sales	13,053,571.		7,336,815.		5,716,756.	77.92
b Less returns and allowances						
c Net receipts ►	13,053,571.		7,336,815.		5,716,756.	77.92
2 Cost of goods sold (Schedule A)	5,408,273.		3,790,893.		1,617,380.	42.66
3 Gross profit ►	7,645,298.		3,545,922.		4,099,376.	115.61
4 Dividends (Schedule C)						
5 Interest	27,871.				27,871.	
6 Gross rents						
7 Gross royalties						
8 Capital gain net income						
9 Net gain or loss (Form 4797)						
10 Other income						
11 Total income ►	7,673,169.	100.00	3,545,922.	100.00	4,127,247.	116.39
Deductions						
12 Compensation of officers		0.00	65,000.	1.83	-65,000.	-100.00
13 Salaries and wages (less employment credits)	1,732,651.	22.58	434,221.	12.25	1,298,430.	299.03
14 Repairs and maintenance	18,731.	0.24	19,918.	0.56	-1,187.	-5.96
15 Bad debts		0.00		0.00		
16 Rents	52,055.	0.68	25,300.	0.71	26,755.	105.75
17 Taxes and licenses	147,027.	1.92	138,713.	3.91	8,314.	5.99
18 Interest		0.00	936.	0.03	-936.	-100.00
19 Charitable contributions	100.	0.00		0.00	100.	
20 a Depreciation on Form 4562	419,182.	5.46	66,739.	1.88	352,443.	528.09
20 b Less depreciation on Schedule A and elsewhere		0.00		0.00		
20 c Net depreciation ►	419,182.	5.46	66,739.	1.88	352,443.	528.09
21 Depletion		0.00		0.00		
22 Advertising	17,792.	0.23		0.00	17,792.	
23 Pension, profit-sharing, etc, plans		0.00	22,321.	0.63	-22,321.	-100.00
24 Employee benefit programs		0.00		0.00		
25 Domestic production activities deduction		0.00		0.00		
26 Other deductions	2,866,320.	37.36	1,132,922.	31.95	1,733,398.	153.00
27 Total deductions ►	5,253,858.	68.47	1,906,070.	53.75	3,347,788.	175.64
Taxable Income						
28 Taxable income before NOL and special deductions	2,419,311.	31.53	1,639,852.	46.25	779,459.	47.53
29 Less:						
a Net operating loss deduction		0.00	146,402.	4.13	-146,402.	-100.00
b Special deductions		0.00		0.00		
30 Taxable income ►	2,419,311.	31.53	1,493,450.	42.12	925,861.	61.99
Tax						
31 Total tax (Schedule J)	822,566.	10.72	507,773.	14.32	314,793.	61.99
Tax Payments and Credits						
32 g Total tax payments and credits	435,000.				435,000.	
33 Estimated tax penalty	1,513.		14,502.		-12,989.	-89.57
34 Tax due	389,079.		522,275.		-133,196.	-25.50
35 Overpayment						

Form 1120/
Form 1120-A

Corporation Five Year Tax History

► Keep for your records

2005

Name as Shown on Return	Employer Identification No.
TELRITE CORPORATION	59-3631460

	2001	2002	2003	2004	2005
1 Gross receipts			3,826,533.	7,336,815.	13,053,571.
2 Cost of sales			3,416,291.	3,790,893.	5,408,273.
3 Gross profit			410,242.	3,545,922.	7,645,298.
4 Net capital gain					
5 Other income					27,871.
6 Total income			410,242.	3,545,922.	7,673,169.
7 Salaries			53,286.	434,221.	1,732,651.
8 Depreciation			46,979.	66,739.	419,182.
9 Other deductions			385,633.	1,551,512.	3,102,025.
10 Taxable income			-75,656.	1,493,450.	2,419,311.
11 Income tax				507,773.	822,566.
12 Alternative minimum tax					
13 General business credits					
14 Other credits					
15 PHC tax					
16 Recapture taxes					
17 Tax liability				507,773.	822,566.

For Controlled Group Members Only

Enter your share of the $50,000, $25,000 and $9,925,000 taxable income brackets, and your share of the additional 5% tax and 3% tax for the prior years.

	2001	2002	2003	2004	2005
18 $50,000 bracket					
19 $25,000 bracket					
20 $9,925,000 bracket					
21 Additional 5% tax					
22 Additional 3% tax					

Form 1120, Page 1, Line 26
Other Deductions Statement

Amortization	271,307.
BANK SERVICE CHARGES	37,820.
COMMISSIONS EXPENSE	559,141.
MISCELLANEOUS EXPENSES	182,979.
OFFICE EXPENSES	363,746.
OFFICE SUPPLIES	121,089.
CELLULAR CHARGES	7,007.
INSURANCE EXPENSE	101,693.
POSTAGE AND DELIVERY	166,932.
PRINTING AND REPRODUCTION	733.
PROFESSIONAL FEES	196,917.
Meals and entertainment (50%)	4,377.
TRAVEL EXPENSES	17,075.
UTILITIES	51,505.
PROFESSIONAL DEVELOPMENT	4,112.
RECRUITING EXPENSE	4,782.
REGULATORY FEES	177,630.
BILLING EXPENSE	556,417.
CREDIT CARD PROCESSING	391.
OTHER EXPENSES	40,667.
Total	2,866,320.

Form 1120, Page 4, Schedule L, Line 6
Ln 6 Stmt

Other Current Assets:	Beginning of tax year	End of tax year
ESCROW FOR ONESTAR ACQUISITION	800,000.	800,000.
EMPLOYEE ADVANCES	0.	362,500.
PREPAIDS	0.	1,950.
DEPOSITS		110,000.
Total	800,000.	1,274,450.

Form 1120, Page 4, Schedule L, Line 18
Ln 18 Stmt

Other Current Liabilities:	Beginning of tax year	End of tax year
INCOME TAX WITHHELD PAYABLE		
Total		

Form 1120, Page 4, Schedule L, Line 24
Ln 24 Stmt

Retained Earnings — Appropriated:	Beginning of tax year	End of tax year
FEDERAL INCOME TAX LIABILITY	475,912.	
GA STATE INCOME/NET WORTH TAX LIABILITY	99,666.	

Form 1120, Page 4, Schedule L, Line 24 Continued
Ln 24 Stmt

Retained Earnings – Appropriated:	Beginning of tax year	End of tax year
Total	575,578.	

Form 1120, Sch K, Corporation Ownership Information
Ques 5 Stmt

Name	ID No.
DARRYL DAVIS	256-21-7724
REGGIE MCFARLAND	421-64-9265

Form 1120, Page 4, Schedule M-2, Line 3
Ln 3 Stmt

2003/4 Depreciation/Amortization Expenses Not Recorded on Books	250,146.
2004 Federal/State Tax Expense Not Recorded on Books	561,076.
2004 Customer Deposits	110,000.
2004 Federal Tax Penalty Not Recorded on Books	14,502.
Other Adjustments	26,537.
Total	962,261.

Supporting Statement of:

Form 1120, p3-4/Line 20(d)

Description	Amount
NOTE PAYABLE	3,100,000.
TAXES PAYABLE	266,744.
Total	3,366,744.

Georgia Corporation Information Worksheet 2005

► Keep for your records

Part I – Identifying Information

Employer Identification Number 59-3631460

Name ..... TELRITE CORPORATION

Address ..... 4113 MONTICELLO STREET

City ..... COVINGTON State .. GA ZIP Code . 30014

County ..... NEWTON

Telephone ..... (770) 202-0818 Extension ....

Fax Number .....

E-mail Address .....

Part II – Tax Year and Filing Information

[X] Calendar year
[ ] Fiscal year – Ending Month .....
[ ] Short year – Beginning date .....
Ending date .....

Net Worth Period – Beginning date 01/01/06
Ending date 12/31/06

Part III – Georgia 2005 Estimated Tax Paid

Voucher Number	Due Date	Actual Payment Date	Amount Paid
1	04/15/05	04/14/05	54,000.
2	06/15/05	07/14/05	56,000.
3	09/15/05	10/17/05	7,000.
4	12/15/05		
Overpayment from prior year			

Part IV – Miscellaneous Information

[ ] Corporation is enrolled in the electronic funds transfer program.

Part V – Extension Status

Has the tax return due date been extended? .. [X] Yes [ ] No Extended due date ... 09/15/06

QuickZoom to go to Form 600, page 1 ..... ➡

GACW0101.SCR 09/09/05

Georgia Form 600 (Rev. 06/05)
Corporation Tax Return
Georgia Department of Revenue

[X] **Mark box if you DO NOT want a booklet next year**

2005 Income Tax Return
Beginning 01/01/05
Ending 12/31/05
2006 Net Worth Tax Return
Beginning 01/01/06
Ending 12/31/06

[ ] Consolidated GA Return *(attach approval)*
[X] Original Return
[ ] New Corporation
[ ] Initial Net Worth
[ ] Amended Return
[ ] GA Consolidated Subsidiary
[ ] Address Change
[ ] Name Change
[ ] IT-552 attached
[X] Extension
[ ] Final *(attach explanation)*

A Federal Employer ID Number 59-3631460	Name (Corporate title) Please give former name if applicable. TELRITE CORPORATION			E Date of Incorporation 01/01/02
B GA W/hldg Tax Account Number NONE	Business Address (Number and Street) 4113 MONTICELLO STREET			F Incorporated under laws of what state GEORGIA
C GA Sales Tax Registration No. NONE	City or Town COVINGTON	County NEWTON	State Zip Code Number GA 30014	G Date admitted into Georgia 01/01/02
D NAICS Code 517000	Location of Books for Audit (city and state) SAME AS ABOVE		Telephone Number (770) 202-0818	H Kind of Business SALE LONG DIST

Indicate latest taxable year adjusted by IRS ► NONE And when reported to Georgia ► NONE

COMPUTATION OF GEORGIA TAXABLE INCOME AND TAX (ROUND TO NEAREST DOLLAR) SCHEDULE 1

1	Federal taxable income (Copy of Federal return and supporting schedules must be attached) ►	1	2,419,311.
2	Additions to Federal income (from Schedule 4)	2	0.
3	Total (add Lines 1 and 2)	3	2,419,311.
4	Subtractions from Federal income (from Schedule 5) ►	4	2,858.
5	Balance (Line 3 less Line 4)	5	2,416,453.
6	Georgia net operating loss deduction (Attach Schedule) ►	6	
7	Georgia taxable income (Line 5 less Line 6 or Schedule 7, Line 9) ►	7	2,209,597.
8	Income Tax – (6% x Line 7)	8	132,576.

COMPUTATION OF NET WORTH TAX (ROUND TO NEAREST DOLLAR) SCHEDULE 2

1	Total Capital stock issued	1	500.
2	Paid in or capital surplus	2	
3	Total retained earnings	3	3,435,806.
4	Net worth (Total of Lines 1, 2, and 3) ►	4	3,436,306.
5	Ratio (Georgia and Domestic Foreign Corporation — 100%) (Foreign Corporation — Line 4, Schedule 8) ► 5	1.000000	
6	Net worth taxable by Georgia (Line 4 x Line 5)	6	3,436,306.
7	Net worth tax (From table in the instructions) ►	7	1,000.

COMPUTATION OF TAX DUE OR OVERPAYMENT (ROUND TO NEAREST DOLLAR) SCHEDULE 3

		A Income Tax	B Net Worth Tax		C Total
1	Total Tax (Schedule 1, Line 8, and Schedule 2, Line 7)	132,576.	1,000.	1	133,576.
2	Less Credits and payments of estimated tax			2	117,000.
3	Less Credits from Schedule 9, Line 6*			3	
4	Withholding Credits (G2-A and/or G-2RP)			4	
5	Balance of tax due (Line 1, less Lines 2, 3, and 4)			5	16,576.
6	Amount of overpayment (Lines 2, 3, and 4 less Line 1)			6	
7	Interest due (See Instructions)			7	
8	Penalties due (See Instructions)			8	
9	Balance of Tax, Interest and Penalties due with return			9	16,576.
10	Amount of Line 6 to be credited to 2006 estimated tax ►		Refunded ►		

***NOTE:** Any tax credits from Schedule 9 may be applied against income tax liability only, not net worth tax liability.

Name (Corporation) TELRITE CORPORATION FEIN 59-3631460

ADDITIONS TO FEDERAL INCOME (ROUND TO NEAREST DOLLAR) SCHEDULE 4

1	State and municipal bond interest (other than Georgia or political subdivision thereof)	1	
2	Net income or net profits taxes imposed by taxing jurisdictions other than Georgia	2	
3	Expense attributable to tax exempt income (other than US obligations)	3	
4	Net Operating loss deducted on Federal return	4	
5	Federal deduction for income attributable to domestic production activities (IRC Section 199)	5	
6	Other Additions (attach Schedule) 2002 JCWA/2003 JGTRRA Depreciation Adjustment	6	0.
7	TOTAL – Enter also on LINE 2, SCHEDULE 1	7	0.

SUBTRACTIONS FROM FEDERAL TAXABLE INCOME (ROUND TO NEAREST DOLLAR) SCHEDULE 5

1	Interest on obligations of United States (must be reduced by direct and indirect interest expense)	1	
2	Other Subtractions (attach Schedule) JCWA/JGTRRA Depreciation Adjustment	2	2,858.
3	TOTAL – Enter also on LINE 4, SCHEDULE 1	3	2,858.

APPORTIONMENT OF INCOME SCHEDULE 6

(Part 1)

		WITHIN GEORGIA A Beginning of Year	WITHIN GEORGIA B End of Year	TOTAL EVERYWHERE A Beginning of Year	TOTAL EVERYWHERE B End of Year
1	Inventories	0.	0.	0.	0.
2	Buildings (cost)	0.	0.	0.	0.
3	Machinery and Equipment	74,761.	1,434,081.	99,681.	1,687,154.
4	Land				
5	Other Tangible Assets				
6	Total (Lines 1 through 5)	74,761.	1,434,081.	99,681.	1,687,154.
7	Average (Add columns A and B and divide by 2)		754,421.		893,418.
8	Rented Property (Annual Rate x 8)		353,976.		416,440.
9	Total Property		1,108,397.		1,309,858.

(Part 2)

		A Within Georgia	B Everywhere (If this figure is 0 see instructions)	C Do not round Col A/Col B Compute to six decimals		D Do not round Georgia Factor Compute to six decimals
1	Total Property (Part 1, Line 9)	1,108,397.	1,309,858.	0.846196	x 0.25	0.211549
2	Salaries, commissions, wages and compensation	1,472,753.	1,732,651.	0.850000	x 0.25	0.212500
3	Gross receipts from business	12,801,571.	13,053,571.	0.980695	x 0.50	0.490348
4	Georgia Ratio (Total Column D)					0.914397

COMPUTATION OF GEORGIA NET INCOME (ROUND TO NEAREST DOLLAR) SCHEDULE 7

1	Net business income (Schedule 1, Line 5)	1	2,416,453.
2	Income allocated everywhere (Attach Schedule)	2	
3	Business income subject to apportionment (Line 1 less Line 2)	3	2,416,453.
4	Georgia Ratio (Schedule 6, Line 4, Part 2)	4	0.914397
5	Net business income apportioned to Georgia (Line 3 x Line 4)	5	2,209,597.
6	Net income allocated to Georgia (Attach Schedule)	6	
7	Total of Lines 5 and 6	7	2,209,597.
8	Less net operating loss apportioned to Georgia (Attach Schedule)	8	
9	Georgia taxable income (Enter also on Schedule 1, Line 7)	9	2,209,597.

COMPUTATION OF GEORGIA NET WORTH RATIO (TO BE USED BY FOREIGN CORPORATIONS ONLY) SCHEDULE 8

		A Within Georgia	B Total Everywhere	C Georgia ratio (A/B)
1	Total value of property owned (Total assets from Federal balance sheet)			
2	Gross receipts from business			
3	**Totals** (Line 1 plus Line 2)			
4	Georgia Ratio (Divide Line 3A by 3B)			

Copy of the Federal Return and supporting Schedules must be attached, otherwise this return shall be deemed incomplete. No extension of time for filing will be allowed unless copy of a request for a Federal extension or Form IT-303 is attached to this return.

Make check payable to: Georgia Department of Revenue.
Mail to: Georgia Department of Revenue, Processing Center, P.O. Box 740397, Atlanta, Georgia 30374-0397
If claiming credits on Schedules 9 and/or 10, **Mail To:** Taxpayer Services Division, P.O. Box 49431, Atlanta, Georgia 30359-1431

Georgia Public Revenue Code Section 48-2-31 stipulates that taxes shall be paid in lawful money of the United States, free of any expense to the State of Georgia. **Declaration:** I/We declare under the penalties of perjury that I/we have examined this return (including accompanying schedules and statements) and to the best of my/our knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, their declaration is based on all information of which they have any knowledge.

Email address:

SIGNATURE OF OFFICER DATE SIGNATURE OF INDIVIDUAL OR FIRM PREPARING THE RETURN

[X] Check the box to authorize the Georgia Department of Revenue to discuss the contents of this tax return with the preparer named below.

TLE

20-0610303
IDENTIFICATION OR SOCIAL SECURITY NUMBER

Instructions for the Payment Voucher (PV CORP)

1 Only complete this voucher if you owe taxes.

2 If you are filing a paper return, mail your return, PV-Corp and your payment to the address that appears on the return.

3 **Do not** mail your paper return with your voucher and payment if you are filing electronically. Mail only your voucher and payment to the address on the voucher.

4 Write your Federal Employer Identification Number on your check or money order.

5 **Do not** use staples or paper clips to attach your check. Remove your check stub and keep with your records.

For faster and more accurate posting to your account, use a payment voucher with a valid scanline from Georgia Department of Revenue's website **www.dor.ga.gov/forms.shtml** or one produced by an approved software company listed at **www.dor.ga.gov/processingctr/taxpayers.shtml**. A valid scanline has a row of numbers at the bottom that contains your taxpayer information.

DO NOT mail this entire page. Cut along dotted line and mail only coupon and payment
DO NOT STAPLE OR PAPER CLIP. PLEASE REMOVE ALL CHECK STUBS.

Cut along dotted line

PV CORP (Rev 9/05)
Corporate Payment Voucher

0603001614

2005
[X] Paper Return [ ] Electronically Filed

MAIL TO:
Georgia Department of Revenue
Processing Center
P.O. Box 740317
Atlanta, GA 30374-0317

FEI Number	Income Tax Year	Vendor Code	Former Name if Applicable
593631460	12-31-05	016	

Current Name (Type or print plainly the exact Corporation Name)	Signature of Officer or Agent	Title	Date
TELRITE CORPORATION			

Business Address	City	State	Zip Code
4113 MONTICELLO STREET	COVINGTON	GA	30014

GACA0201 11/29/05

DO NOT STAPLE OR PAPER CLIP. REMOVE ALL CHECK STUBS **Amount Paid** $ 16576.00

03059363146000312310500000000000000016000165760009

Job Creation/Growth Depreciation Adjustments 2005

Name as Shown on Return	EIN
TELRITE CORPORATION	59-3631460

Main Activity Form 1120	(A) JCWAA and JGTRRA Depr Adj	(B) Other Adjustments	(C) Total Adj. (Col A + Col B)
	-2,858.		-2,858.

Form 8825	(A) JCWAA and JGTRRA Depr Adj	(B) Other Adjustments	(C) Total Adj. (Col A + Col B)
Total Form 8825 Depreciation Adjustment (Sum of Column C)			

Schedule F	(A) JCWAA and JGTRRA Depr Adj	(B) Other Adjustments	(C) Total Adj. (Col A + Col B)
Total Schedule F Depreciation Adjustment (Sum of Column C)			
Total Depreciation Adjustment			-2,858.

Section 179 Adjustment	(A) Adjustment Amount	(B) Other Adjustments	(C) Total Adj. (Col A + Col B)
Total Section 179 Adjustment	0.		0.

Sale of Assets (Includes recapture for Form 6252)

Description of Asset Sold	Date Acquired	Date Sold	Federal Accum Depreciation	State Accum Depreciation	Other Adj	Gain/Loss Adjustment (Col D-C+E)

Sale of Assets with Sec 179 Deduction Reported Separately on Federal 1120S/1065

Description of Asset Sold	Date Acquired	Date Sold	Federal Accum Depreciation	State Accum Depreciation	Other Adj	Gain/Loss Adjustment (Col D-C+E)

Form 6252 *Current Year Installment Gain Adjustment*

Description of Asset Sold	Date Acquired / Date Sold	Current Yr Payment Federal / State	Gross Profit Percentage Federal / State	Gain Federal / State	Other Adj	Gain/Loss Adjustment

Form 6252 Current Year Installment Gain Adj for Assets Reported Separately on 1120S/1065

Description of Asset Sold	Date Acquired / Date Sold	Current Yr Payment Federal / State	Gross Profit Percentage Federal / State	Gain Federal / State	Other Adj	Gain/Loss Adjustment

Total Gain/Loss Adjustment

Section 179 Limitation/Carryover Worksheet 2005

► Keep for your records

Name as Shown on Return	Employer Identification No.
TELRITE CORPORATION	59-3631460

Section 179 Deduction Before Taxable Income Limitation

1	Maximum dollar limitation	1	105,000.
2	Total cost of IRC Section 179 property placed in service during the tax year	2	1,910,449.
3	Threshold cost of IRC Section 179 property before reduction in limitation	3	420,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	1,490,449.
5	Dollar limitation for tax year. Line 1 less line 4. If zero or less, enter -0-	5	0.
6	Total elected cost of IRC Section 179 property	6	
7	Tentative deduction before carryover. Enter the smaller of line 5 or line 6	7	0.
8	Carryover of disallowed deduction from 2004	8	0.
9	Tentative Section 179 deduction (line 7 plus line 8, but cannot exceed line 5)	9	0.

Section 179 Taxable Income Limitation

10	Federal taxable income computed for the Section 179 limitation		10	2,419,311.
11	State adjustments to taxable income:			
	Depreciation adjustment	-2,858.		
			11	-2,858.
12	State taxable income for the Section 179 limitation (line 10 plus line 11)		12	2,416,453.

Allowable Section 179 Deduction

13	Allowable Section 179 Deduction for the current year (lesser of lines 9 or 12)	13	0.

Carryover of disallowed deduction

14	Carryover of disallowed deduction to 2006 (Line 7 plus line 8 less line 13)	14	0.

State Section 179 Adjustment

15	Federal Section 179 allowed	15	
16	State Section 179 adjustment (line 15 less line 13)	16	0.

BSTV1701.SCR 12/07/05

Florida Corporation Information Worksheet 2005

► Keep for your records

Part I – Identifying Information

Federal Employer ID Number 59-3631460
Name .... TELRITE CORPORATION
Address .... 4113 MONTICELLO STREET
Address (continuation) ....
City .... COVINGTON State .... GA ZIP Code 30014
Telephone .... (770) 202-0818 Extension ....
Fax Number .... E-mail Address ....

Part II – Information Needed to Complete Florida Return

State of incorporation .... GA
NAICS code (as pertains to Florida) .. 517000
FL Sec of State Doc. No. F02000003218

☐ Check here to prepare short-form return (Form F-1120A).

If federal Form 1120-H is filed, a Florida Form F-1120 or F-1120A is not required.

☐ Check here if you want to suppress printing Form F-1120 or F-1120A.
☐ Check here if you want to suppress printing Form DR-405.
☐ Check here if you want to suppress printing Form DR-601C.
☐ Check here if you want to print Form DR-601C even when not required to file on paper.

Part III – Tax Year and Filing Information

[X] Calendar year
☐ Fiscal year – Ending month ....
☐ Short year – Beginning date .... Ending date ....

☐ Payments are to be made by Electronic Funds Transfer.

Part IV – 2005 Estimated Tax Payments

Amount of 2004 overpayment credited to 2005 estimated tax ....

Payment Quarters	Due Date	Date Paid	Amount Paid
First Quarter Payment	05/02/05		
Second Quarter Payment	07/01/05		
Third Quarter Payment	10/03/05		
Fourth Quarter Payment	01/03/06		

Part V – Extension Status

Form F-7004, Income Tax Return
Has the tax return due date been extended? .. ☐ Yes [X] No Extended due date ....

Form DR-602, Intangible Tax Return
Has the tax return due date been extended? .. ☐ Yes [X] No Extended due date ....

QuickZoom to Form F-1120, pages 1 and 2 .... ►
QuickZoom to Form F-1120A .... ►
QuickZoom to Form DR-601C .... ►
QuickZoom to Form DR-405 .... ►

INTU

Florida Corporate Income/Franchise and Emergency Excise Tax Return

F-1120

R 01/06

For calendar year 2005 or tax year beginning __________, 2005 ending __________

363002005123100020050378359363146000002

FEIN 59-3631460

Name TELRITE CORPORATION
Address 4113 MONTICELLO STREET
Address
City COVINGTON State GA ZIP Code 30014

☐ Check here if any changes have been made to name or address

☐ Check here if you do **not** want the Department to send you a form next year (*see page 2)

Computation of Florida Net Income and Emergency Excise Tax

1	Federal taxable income (see instructions) — **Attach pages 1 - 4 of federal return**	1	2,419,311.
2	State income taxes deducted in computing federal taxable income (attach schedule)	2	117,000.
3	Additions to federal taxable income (from Schedule I)	3	
4	Total of Lines 1, 2 and 3	4	2,536,311.
5	Subtractions from federal taxable income (from Schedule II)	5	0.
6	Adjusted federal income (Line 4 minus Line 5)	6	2,536,311.
7	Florida portion of adjusted federal income (see instructions)	7	162,674.
8	Nonbusiness income allocated to Florida (from Schedule R)	8	
9	**Florida exemption**	9	5,000.
10	Florida net income (Line 7 plus Line 8 minus Line 9)	10	157,674.
11	Tax due: 5.5% of Line 10 or amount from Schedule VI, Line 11, whichever is greater (see instructions for Schedule VI)	11	8,672.
12	Credits against the tax (from Schedule V, Line 16)	12	0.
13	Emergency excise tax due (from Schedule A, Line 20)	13	0.
14	Total corporate income/franchise and emergency excise tax due (see instructions)	14	8,672.
15a	Penalty: F-2220 ______ **b** Other ______		
c	Interest: F-2220 ______ **d** Other ______ Line 15 Total ►	15	
16	Total of Lines 14 and 15	16	8,672.
17	Payment credits: Estimated tax payments 17a $ / Tentative tax payment 17b $	17	
18	Subtract Line 17 from Line 16. Enter amount due here and on payment coupon. If there is an overpayment, enter on Line 19 and/or Line 20	18	8,672.
19	Credit: Enter amount of overpayment **credited** to next year's estimated tax here and on payment coupon	19	
20	Refund: Enter amount of overpayment to be **refunded** here and on payment coupon	20	

FLCA0512 10/18/05

INTU

2005 Florida Corporate Income Tax Return

YEAR ENDING 12/31/2005

F-1120

R 01/06

Do Not Detach

To ensure proper credit to your account, attach your check to **this** payment coupon and mail with tax return.

Return is Due 1st Day of the 4th Month After Close of the Taxable Year

Name TELRITE CORPORATION
Address 4113 MONTICELLO STREET
Address
City COVINGTON State GA ZIP Code 30014

Check here if you transmitted funds electronically ►

593631460	0	0	0
20050101	0	0	0
20051231	253631100	0	0
00000000	.064138	0	0
001	0	867200	0
202	0	0	0
241931100	0	0	0
11700000	500000	0	867200

867200

8630 0 20051231 0002005037 8 3593631460 0000 2

:ELRITE CORPORATION FEIN 59-3631460

This return is considered incomplete unless a copy of the federal return is attached.
A return that is not signed, or improperly signed and verified, will be subject to a penalty. The statute of limitations period will not start until the return is properly signed and verified. This return must be completed in its entirety.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here ▶ Signature of Officer (Must be an original signature.) Date ▶ Title

Paid Preparer's Only			
Preparer's Signature ▶	Date 12/18/06	Preparer check if self-employed ☐	Preparer's SSN or PTIN P00061435
Firm's name (or yours if self-employed) and address ▶ HOWCO Business Service, 5215 Highway 278 NE, Covington GA		FEIN ▶ 20-0610303	
		ZIP Code ▶ 30014	

All Taxpayers are Required to Answer Questions A Through M Below as Appropriate – See Instructions

A State of incorporation: GA

B Florida Secretary of State document number: F02000003218

C Florida consolidated return? .... YES ☐ NO ☒

D ☐ Initial return ☐ Final return (final federal return filed)

E Taxpayer election Section 220.03(5), F.S.
☒ General Rule ☐ Election A ☐ Election B

F Principal Business Activity Code (as pertains to Florida)
517000

G A Florida extension of time was timely filed? ...... YES ☐ NO ☒
If yes, attach copy of Florida Form F-7004.

H-1 Corporation is a member of a controlled group? ... YES ☐ NO ☒
If yes, attach list.

H-2 Part of a federal consolidated return? ...... YES ☐ NO ☒ If yes, provide:
FEIN from federal consolidated return:
Name of corporation:

H-3 The federal common parent has sales, property or payroll in Florida? .... YES ☒ NO ☐

I Location of corporate books:
COVINGTON GEORGIA

J Taxpayer is a member of a Florida partnership or joint venture? .... YES ☐ NO ☒

K Enter date of latest IRS audit NONE
List years examined NONE

L Contact person and telephone for questions concerning this return:
PREPARER (770) 786-7777

M Type of federal return filed ☒ 1120, ☐ 1120A, ☐ 1120S, or

***Do you want a personalized package?**
If you use purchased software to prepare and file your return and **do not** want us to send you a preprinted forms package next year, check the box in the upper right-hand corner of Page 1.

Note: Even if you check the box indicating that you **do not** want a package, you still may receive one last package next year as we capture and phase in your request.

Where to Send Payments and Returns

Make check payable to and send with return to:

FLORIDA DEPARTMENT OF REVENUE
5050 W TENNESSEE STREET
TALLAHASSEE, FL 32399-0135

If you are requesting a **refund** (Line 20), send your return to:

FLORIDA DEPARTMENT OF REVENUE
PO BOX 6440
TALLAHASSEE, FL 32314-6440

Don't Forget:

- ✓ **Make your check payable to the Florida Department of Revenue.**
- ✓ **Write your FEI Number on your check**
- ✓ **Sign your check and return.**
- ✓ **Attach a copy of your federal return.**
- ✓ **Attached a copy of your Form F-7004 (extension of time) if applicable.**

NAME TELRITE CORPORATION FEIN 59-3631460 TAXABLE YEAR ENDING 12/31/05

Schedule A — Computation of Emergency Excise Tax (for assets placed in service 1/1/81 to 12/31/86)		
1 Total depreciation expense deducted on federal Form 1120	1	419,182.
2 Florida portion of adjusted federal income from F-1120, Page 1, Line 7 or Schedule VI, Line 7 (see instructions)	2	162,674.
3 Loss carry forward (Enter the loss as a positive number)	3	0.
4 Subtract Line 3 from Line 2 and enter here. **Note:** If a loss carry forward shown on Line 3 exceeds a loss on Line 2, enter positive difference of the loss amounts shown	4	162,674.
5 Depreciation deducted pursuant to IRC Section 168 for assets placed in service 1/1/81 to 12/31/86	5	
6 Straight-line depreciation deducted pursuant to IRC Section 168(b)(3) and 60% of amounts of depreciation previously taxed on Schedule VI (for assets placed in service 1/1/81 to 12/31/86)	6	
7 All depreciation deducted pursuant to IRC Section 168 directly related to any amount shown as nonbusiness income	7	
8 Subtract the sum of Line 6 and 7 from the amount on Line 5 and enter result here	8	
9 Multiply Line 8 by .40 (40%) and enter here	9	
10 Florida apportionment fraction shown in Schedule IIIA or IIID of F-1120 (Taxpayers that are 100% in Florida enter 1.0)	10	
11 Multiply Line 9 by Line 10 and enter here	11	
12 Determine the amount of depreciation deducted pursuant to IRC Section 168 (except pursuant to Section 168(b)(3)) used in computing nonbusiness income allocated to Florida, multiply the amount by .40 (40%), and enter here	12	
13 Add Lines 11 and 12 and enter here	13	
14 **Loss** shown on Line 4. **Note:** If Line 4 does **not** show a loss, enter 0	14	0.
15 The portion of the exemption provided in Section 220.14, Florida Statutes, not used for Chapter 220 purposes, if any. If none, enter 0	15	0.
16 Subtract the sum of Lines 14 and 15 from the amount on Line 13 and enter result here	16	0.
17 Multiply Line 16 by 2.5 **(not 2.5%)** and enter here. **Note:** If Line 16 shows a loss, enter 0	17	0.
18 Total tax due (2.2% of Line 17)	18	0.
19a Emergency excise tax credit .... **b** Emergency excise tax credit carryover ...... (attach schedule) Total ►	19	
20 Balance of tax due (enter on page 1, Line 13)	20	0.

Schedule I — Additions and/or Adjustments to Federal Taxable Income		Column (a) For page 1	Column (b) For Schedule VI, AMT
1 Interest excluded from federal taxable income (see instructions)	1		
2 Undistributed net long-term capital gains (see instructions)	2		
3 Net operating loss, net capital loss, and excess charitable and employee benefit plan contribution carryovers deducted in computing federal taxable income (attach schedule)	3		
4 Enterprise zone jobs credit (Form F-1156Z)	4		
5 Ad valorem taxes allowable as enterprise zone property tax credit (Form F-1158Z)	5		
6 Guaranty association assessment(s) credit	6		
7 Rural and/or urban high crime area job tax credits	7		
8 State housing tax credit	8		
9 Credit for contributions to nonprofit scholarship funding organizations	9		
10 Other additions (attach statement)	10		
11 Total Lines 1 through 10 in Columns (a) and (b). Enter totals for each column on Line 11. Column (a) total is also entered on Page 1, Line 3 (of the F-1120 return). Column (b) total is also entered on Schedule VI, Line 3	11		

NAME TELRITE CORPORATION FEIN 59-3631460 TAXABLE YEAR ENDING 12/31/05

Schedule II – Subtractions from Federal Taxable Income		Column (a) For page 1	Column (b) For Schedule VI, AMT
1 Gross foreign source income less attributable expenses a Enter Section 78 IRC income $ b plus Section 862 IRC dividends $ c less direct & indirect expenses $ Total ►	1		
2 Gross subpart F income less attributable expenses a Enter Section 951 IRC subpart F income $ b less direct and indirect expenses $ Total ►	2		
Note: Taxpayers doing business both within and without Florida enter zero on Lines 3, 4, and 5 and complete Line 4 of Schedule IV.			
3 Florida net operating loss carryover deduction (see instructions)	3	0.	0.
4 Florida net capital loss carryover deduction (see instructions)	4	0.	0.
5 Florida excess charitable and/or employee benefit plan contribution carryover (see instrs)	5	0.	0.
6 Nonbusiness income (from Schedule R, Line 3)	6		
7 Eligible net income of an international banking facility (see instructions)	7		
8 Other subtractions (attach statement)	8		
9 Total Lines 1 through 8 in Columns (a) and (b). Enter totals for each column on Line 9. Column (a) total is also entered on Page 1, Line 5 (of the F-1120 return). Column (b) total is also entered on Schedule VI, Line 5	9	0.	

Schedule III – Apportionment of Adjusted Federal Income

III-A For use by taxpayers doing business both within and without Florida, except those providing insurance or transportation services.

	(a) WITHIN FLORIDA (Numerator)	(b) TOTAL EVERYWHERE (Denominator)	(c) Col (a) ÷ Col (b) Rounded to 6 Decimals	(d) Weight If any factor in Column (b) is zero, see instructions.	(e) Weighted Factors Rounded to 6 Decimals
1 Property (Schedule III-B below)	201,461.	1,309,858.	0.153804	x 25% or 33-1/3% =	0.051268
2 Payroll				x 25% or =	
3 Sales (Schedule III-C below)	252,000.	13,053,571.	0.019305	x 50% or 66-2/3% =	0.012870
4 Apportionment fraction (Sum of Lines 1, 2, and 3, Column (e)). Enter here and on Schedule IV, Line 2					0.064138

III-B For use in computing average value of property. (Use original cost)	WITHIN FLORIDA a Beginning of year	WITHIN FLORIDA b End of year	TOTAL EVERYWHERE a Beginning of year	TOTAL EVERYWHERE b End of year
1 Inventories of raw material, work in process, finished goods	0.	0.	0.	0.
2 Buildings and other depreciable assets	24,920.	253,073.	99,681.	1,687,154.
3 Land owned	0.	0.	0.	0.
4 Other tangible and intangible (financial organizations only) assets (attach schedule)				
5 Total (Lines 1 through 4)	24,920.	253,073.	99,681.	1,687,154.
6 Average value of property (add Line 5, Columns (a) and (b) and divide by 2 (for within Florida and total everywhere))	138,997.		893,418.	
7 Rented property (8 times net annual rent)	62,464.		416,440.	
8 Total (Lines 6 and 7). Enter on Line 1, Schedule III-A, Column (a) and (b)	201,461. Average Florida		1,309,858. Average Everywhere	

III-C Sales Factor		TOTAL WITHIN FLORIDA (Omit cents)	TOTAL EVERYWHERE (Omit cents)
1 Sales (gross receipts)	1		13,053,571.
2 Sales delivered or shipped to Florida purchasers	2		
3 Other gross receipts (rents, royalties, interest, etc when applicable)	3	252,000.	
4 TOTAL SALES (Enter on Schedule III-A, Line 3, Columns (a) and (b))	4	252,000.	13,053,571.

III-D Special Apportionment Fractions (see instructions)

	(a) WITHIN FLORIDA	(b) TOTAL EVERYWHERE	(c) FLORIDA Fraction ((a) ÷ (b)) Rounded to 6 Decimals
1 Insurance companies (attach copy of Schedule T – Annual Report)			
2 Transportation services			

IAME TELRITE CORPORATION FEIN 59-3631460 TAXABLE YEAR ENDING 12/31/05

Schedule IV – Computation of Florida Portion of Adjusted Federal Income

		Column (a) ADJUSTED FEDERAL INCOME	Column (b) ADJUSTED AMT INCOME
1	Apportionable adjusted federal income from Page 1, Line 6 (or Line 6, Schedule VI for AMT in Column (b))	1 2,536,311.	1
2	Florida apportionment fraction (Schedule III-A, Line 4 or Schedule III-D, Column (c))	2 0.064138	2
3	Tentative apportionment adjusted federal income (multiply Line 1 by Line 2)	3 162,674.	3
4	Net operating loss and/or other carryover apportioned to Florida (attach statement; see instructions)	4	4
5	Adjusted federal income apportioned to Florida (Line 3 less Line 4; see instructions)	5 162,674.	5

Schedule V – Credits Against the Corporate Income/Franchise Tax

1	Florida health maintenance organization credit (attach assessment notice)	1
2	Capital investment tax credit (attach certification letter)	2
3	Enterprise zone jobs credit (from Form F-1156Z attached)	3
4	Community contribution tax credit (attach certification letter)	4
5	Enterprise zone property tax credit (from Form F-1158Z attached)	5
6	Rural job tax credit (attach certification letter)	6
7	Urban high crime area job tax credit (attach certification letter)	7
8	Emergency excise tax (EET) credit (see instructions and attach schedule)	8
9	Hazardous waste facility tax credit	9
10	Florida Alternative minimum tax (AMT) credit	10
11	Contaminated site rehabilitation tax credit (attach tax credit certificate)	11
12	Child care tax credits (attach certification letter)	12
13	State housing tax credit (attach certification letter)	13
14	Credit for contributions to nonprofit scholarship funding organizations	14
15	Other credits (attach schedule)	15
16	Total credits against the tax (sum of Lines 1 through 15 not to exceed the amount on Page 1, Line 11). Enter total credits on Page 1, Line 12	16 0.

Schedule VI – Computation of Florida Alternative Minimum Tax (AMT)

1	Federal alternative minimum taxable income after exemption (attach federal Form 4626)	1
2	State income taxes deducted in computing federal taxable income (attach schedule)	2
3	Additions to federal taxable income (from Schedule I, Column b)	3
4	Total of Lines 1 through 3	4
5	Subtractions from federal taxable income (from Schedule II, Column b)	5
6	Adjusted federal alternative minimum taxable income (Line 4 minus Line 5)	6
7	Florida portion of adjusted federal income (see instructions)	7
8	Nonbusiness income allocated to Florida (see instructions)	8
9	Florida exemption	9
10	Florida net income (Line 7 plus Line 8 minus Line 9)	10
11	Florida alternative minimum tax due (3.3% of Line 10). See instructions for Page 1, Line 11	11 0.

iAME TELRITE CORPORATION FEIN 59-3631460 TAXABLE YEAR ENDING 12/31/05

Schedule R – Nonbusiness Income

Line 1. Nonbusiness income (loss) allocated to Florida

Type		Amount
Total allocated to Florida	1	

(Enter here and on Page 1, Line 8 or Schedule VI, Line 8 for AMT)

Line 2. Nonbusiness income (loss) allocated elsewhere

Type	State/country allocated to		Amount
Line 2. Total allocated elsewhere		2	

Line 3. Total nonbusiness income

Grand total. Total of Lines 1 and 2 3

(Enter here and on Schedule II, Line 6)

Estimated Tax Worksheet

For Taxable Years Beginning on or After January 1, 2006

1	Florida income expected in taxable year		1	$	162,674.
2	Florida exemption $5,000 (Members of a controlled group, see instructions for F-1120N)		2	$	5,000.
3	Estimated Florida net income (Line 1 less Line 2)		3	$	157,674.
4	Total Estimated Florida tax (5.5% of Line 3)*	$ 8,672.			
	Less: Credits against the tax	$ 0.	4	$	8,672.

* Taxpayers subject to federal alternative minimum tax must compute Florida alternative minimum tax at 3.3% and enter the greater of these two computations.

5	Estimated emergency excise tax	5	$	0.
6	Total corporate and emergency excise tax (Line 4 plus Line 5)	6	$	8,672.

If Line 6 is more than $2,500, file installment as computed on Line 7; if $2,500 or less, no declaration (Form F-1120ES) is required.

7 Computation of installments:

Payment due dates and payment amounts:		
1st day of 5th month – Enter 0.25 of Line 6	7a	2,168.
1st day of 7th month – Enter 0.25 of Line 6	7b	2,168.
1st day of 10th month – Enter 0.25 of Line 6	7c	2,168.
1st day after close of fiscal year – Enter 0.25 of Line 6	7d	2,168.

NOTE: If your estimated tax should change during the year, you may use the amended computation below to determine the amended amounts to be entered on the declaration (Form F-1120ES).

1	Amended estimated tax		1	$	
2	Less:				
a	Amount of overpayment from last year elected for credit to estimated tax and applied to date	2a $			
b	Payments made on estimated tax declaration (F-1120ES)	2b $			
c	Total of Lines 2a and 2b		2c	$	
3	Unpaid balance (Line 1 less Line 2c)		3	$	0.
4	Amount to be paid (Line 3 divided by number of remaining installments)		4	$	0.

TELRITE CORPORATION

FEIN 59-3631460

DATA Page 1

593631460	0	0	0
253631100	0	0	0
15767400	.000000	0	0
867200	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	20146100
867200	0	0	0
J	0	0	25200000
1	0	0	130985800
2	0	0	0
2	0	0	1305357100
1	0	0	.153804
2	0	0	.000000
00	0	0	.019305
41918200	0	0	.051268
16267400	0	0	.000000
0	0	0	.012870
16267400	0	0	.064138

TELRITE CORPORATION

FEIN 59-3631460
DATA Page 2

593631460	168715400	16267400	0
0	0	0	0
0	0	16267400	0
0	168715400	0	0
2492000	89341800	0	0
0	41644000	.000000	0
0	130985800	0	0
2492000	0	0	0
0	25200000	0	0
25307300	25200000	0	0
0	1305357100	0	0
0	0	0	0
25307300	1305357100	0	0
13899700	0	0	0
6246400	0	0	0
20146100	0	0	0
0	0	0	0
9968100	.000000	0	0
0	.000000	0	0
0	0	0	0
9968100	0	0	0
0	253631100	0	0

Florida

DR-405 Worksheet

► Keep for your records

Name as Shown on Return	Employer Identification No.
TELRITE CORPORATION	59-3631460

Part I - Transfer from prior year Florida return (from line number sections, page 2)

Check this box if all assets listed were disposed during the tax year. ► ☐

Check this box to transfer the information of all assets listed to Form DR-405, page 2. ► ☐

To transfer the information for selected assets only, check the boxes for the selected assets below.

Description of Item	Age	Year Purchased	Taxpayer's Estimate of Fair Market Value	Taxpayer's Estimate of Condition Good	Avg	Poor	Original Installed Cost	To DR-405	Disposed	To Line #
				☐	☐	☐		☐	☐	
				☐	☐	☐		☐	☐	
				☐	☐	☐		☐	☐	
				☐	☐	☐		☐	☐	
				☐	☐	☐		☐	☐	
				☐	☐	☐		☐	☐	
				☐	☐	☐		☐	☐	
				☐	☐	☐		☐	☐	
				☐	☐	☐		☐	☐	
				☐	☐	☐		☐	☐	
Totals										

Part II - Transfer from federal return (From Asset Entry Worksheets)

Note: To avoid errors in the assets transfer, finish entering all assets information in the federal return before checking any box or entering line numbers on this part of the worksheet.

Check this box if all assets listed were disposed during the tax year. ► ☐

Check this box to transfer the information of all assets listed to Form DR-405, page 2. ► ☐

To transfer the information for selected assets only, check the boxes for the selected assets below. Assets that were not disposed will not transfer if a line number is not entered in the "To Line #" column.

Description of Item/ Type of Asset Description	Year Purchased	Original Installed Cost	To DR-405	Disposed	To Line #
SWITCHING EQUIPMENT Computer and peripheral equipment	2002	10,000.	☐	☐	
SWITCHING EQUIPMENT Computer and peripheral equipment	2002	20,000.	☐	☐	
SWITCHING EQUIPMENT Computer and peripheral equipment	2002	20,000.	☐	☐	
SWITCHING EQUIPMENT Computer and peripheral equipment	2002	14,000.	☐	☐	
EQUIPMENT Computer and peripheral equipment	2002	542.	☐	☐	
SWITCHING EQUIPMENT Computer and peripheral equipment	2003	1,000.	☐	☐	
See Transfer from federal return			☐	☐	

QuickZoom here to a copy of Form DR-405, page 2 ➡

DR-405 Worksheet
Transfer from federal return

Description of Item/ Type of Asset Description	Year Purchased	Original Installed Cost	To DR-405	Disposed	To Line #
SWITCHING EQUIPMENT Computer and peripheral equipment	2003	1,500.	☐	☐	
SWITCHING EQUIPMENT Computer and peripheral equipment	2003	1,604.	☐	☐	
SWITCHING EQUIPMENT Computer and peripheral equipment	2003	710.	☐	☐	
SWITCHING EQUIPMENT Computer and peripheral equipment	2003	525.	☐	☐	
SWITCHING EQUIPMENT Computer and peripheral equipment	2003	119,500.	☐	☐	
FURNITURE AND FIXTURES Office furniture/fixtures, Farm equip	2003	2,500.	☐	☐	
COMPUTERS Computer and peripheral equipment	2003	5,000.	☐	☐	
COMPUTERS Computer and peripheral equipment	2004	7,828.	☐	☐	
SWITCHING EQUIPMENT General purpose tools/machinery/equip	2004	13,108.	☐	☐	
			☐	☐	
SWITCHING EQUIPMENT Computer and peripheral equipment	2005	10,000.	☐	☐	
STRATACOM SWITCHING EQUIPMENT Computer and peripheral equipment	2005	1,800,000.	☐	☐	
1300 SHARING CPU SWITCHING EQUIPMENT Computer and peripheral equipment	2005	7,034.	☐	☐	
LUCENT EXCEL 2000 SWITCH W/ISDN Computer and peripheral equipment	2005	8,343.	☐	☐	
SWITCHING EQUIPMENT Computer and peripheral equipment	2005	10,000.	☐	☐	
COMPUTERS FL Computer and peripheral equipment	2005	3,600.	☐	☐	
LEASEHOLD IMPROVEMENTS - MARIETTA Other (you must enter all data)	2005	8,000.	☐	☐	
OFFICE CUBES - MARIETTA Office furniture/fixtures, Farm equip	2005	5,783.	☐	☐	
OFFICE CAMERAS/COMPUTERS Computer and peripheral equipment	2005	2,549.	☐	☐	
COMPAQ STORAGE - RAID ARRAY - SWITCHING EQUIP Computer and peripheral equipment	2005	2,970.	☐	☐	
OFICE CUBES - MARIETTA Office furniture/fixtures, Farm equip	2005	6,147.	☐	☐	
LEASEHOLD IMPROVEMENTS - MARIETTA Other (you must enter all data)	2005	8,000.	☐	☐	
LEASEHOLD IMPROVEMENTS - MARIETTA Other (you must enter all data)	2005	3,000.	☐	☐	
LEASEHOLD IMPROVEMENTS - MARIETTA Other (you must enter all data)	2005	8,000.	☐	☐	
CSR COMPUTERS12 Computer and peripheral equipment	2005	7,064.	☐	☐	
LEASEHOLD IMPROVEMENT - MARIETTA - CARPET Other (you must enter all data)	2005	3,639.	☐	☐	

DR-405 Worksheet Continued

Transfer from federal return

Description of Item/ Type of Asset Description	Year Purchased	Original Installed Cost	To DR-405	Disposed	To Line #
OFFICE CUBES - MARIETTA					
Office furniture/fixtures, Farm equip	2005	2,008.	☐	☐	
COMPUTERS - CAMERA EQUIPMENT					
Computer and peripheral equipment	2005	3,236.	☐	☐	
FURNITURE - COVINGTON					
Office furniture/fixtures, Farm equip	2005	2,160.	☐	☐	
LEASEHOLD IMPROVEMENTS - MARIETTA					
Other (you must enter all data)	2005	8,000.	☐	☐	
LEASEHOLD IMPROVEMENT - MARIETTA					
Other (you must enter all data)	2005	7,200.	☐	☐	
LEASEHOLD IMPROVEMENTS - MARIETTA					
Other (you must enter all data)	2005	8,000.	☐	☐	
LEASEHOLD IMPROVEMENTS - MARIETTA					
Other (you must enter all data)	2005	8,000.	☐	☐	
LEASEHOLD IMPROVEMENTS - MARIETTA - CARPET					
Other (you must enter all data)	2005	3,300.	☐	☐	
16 LINK CORD ISUP - SWITCHING EQUIPMENT					
Computer and peripheral equipment	2005	12,000.	☐	☐	
LEASEHOLD IMPROVEMENTS - MARIETTA					
Other (you must enter all data)	2005	8,000.	☐	☐	
OFFICE CUBES - MARIETTA					
Office furniture/fixtures, Farm equip	2005	6,000.	☐	☐	
LEASEHOLD IMPROVEMENTS - MARIETTA					
Other (you must enter all data)	2005	8,000.	☐	☐	
OFFICE CUBES					
Office furniture/fixtures, Farm equip	2005	9,000.	☐	☐	
LEASEHOLD IMPROVEMENTS - MARIETTA					
Other (you must enter all data)	2005	8,000.	☐	☐	
LEASEHOLD IMPROVEMENTS - MARIETTA MP					
Other (you must enter all data)	2005	7,066.	☐	☐	
SS& COARD					
Computer and peripheral equipment	2005	12,555.	☐	☐	

Telrite Corporation
Balance Sheet
As of December 31, 2005

Description	per Book	AJE#	Amount	per Tax
ASSETS				
Current Assets				
Checking/Savings	1,577,917.64			1,577,917.64
Accounts Receivable	867,542.92			867,542.92
Employee Advances	362,500.00			362,500.00
Prepaids	1,950.00			1,950.00
Deposits	110,000.00			110,000.00
Property and Equipment	2,225,471.63			2,225,471.63
Accumulated Deprection	(119,136.00)	1	(419,182.00)	(538,318.00)
Intangible Assets	4,069,595.00			4,069,595.00
Accumulated Amortization	(134.00)	2	(271,307.00)	(271,441.00)
TOTAL ASSETS	9,095,707.19		(690,489.00)	8,405,218.19
LIABILITIES & EQUITY				
Accounts Payable	1,494,569.19			1,494,569.19
Tax Payable	266,743.98	3,4,5	134,434.00	401,177.98
Note Payable - Current	3,100,000.00			3,100,000.00
Opening Balance Equity	873,870.53			873,870.53
Loans From Shareholders	107,600.00			107,600.00
Stock	500.00			500.00
Net Income	3,252,423.49		(824,923.00)	2,427,500.49
TOTAL LIABILITIES & EQUITY	9,095,707.19		(690,489.00)	8,405,218.19
check	-			-

Telrite Corporation
Income Statement
For the Twelve Month Period Ended December 31, 2005

	per Book	per Tax
Ordinary Income/Expense		
Income		
Revenue / Income	13,053,571.03	13,053,571.03
Cost of Goods Sold	5,408,272.64	5,408,272.64
Gross Profit	7,645,298.39	7,645,298.39
Expense		
Advertising	17,792.17	17,792.17
Bank Service Charges	37,820.44	37,820.44
Commissions Expense	559,140.90	559,140.90
Contributions	100.00	100.00
Miscellaneous	182,978.98	182,978.98
Office Expense	363,746.27	363,746.27
Office Supplies	121,088.82	121,088.82
Personnel Expenses	1,841,351.10	1,841,351.10
Postage and Delivery	166,932.49	166,932.49
Printing and Production	732.73	732.73
Professional Fees	196,916.67	196,916.67
Rent	52,055.19	52,055.19
Repairs	18,730.98	18,730.98
Taxes	27.20	27.20
Travel & Ent	25,828.69	25,828.69
Utilities	51,505.40	51,505.40
Professional Development	4,112.07	4,112.07
Recruiting	4,782.17	4,782.17
Regulatory Fees	177,629.66	177,629.66
Billing Expense	556,416.52	556,416.52
Credit Card Processing	390.90	390.90
Total Expense	4,380,079.35	4,380,079.35
Net Ordinary Income	3,265,219.04	3,265,219.04
Other Income/Expense		
Other Income - Interest	24,238.21	24,238.21
Other Expenses	37,033.76	37,033.76
Net Other Income	(12,795.55)	(12,795.55)
Net Income, BOOK	3,252,423.49	3,252,423.49

Telrite Corporation
Income Statement
For the Twelve Month Period Ended December 31, 2005

		per Book	per Tax
AJE #1	Depreciation Expense - 2005	419,182.00	419,182.00
AJE #2	Amortization Expense - 2005	271,307.00	271,307.00
AJE#3	Federal Income Tax Expense 2005	435,000.00	-
AJE#5	Federal Income Tax Expense 2005	387,566.00	-
AJE#3	GA Income Tax Expense 2005	117,000.00	117,000.00
AJE#4	GA Income Tax Expense 2005	30,000.00	30,000.00
	Non-Deductible Meals & Ent	-	(4,377.00)
Net Adjustments		1,660,055.00	833,112.00
Adjusted Net Income, BOOK		1,592,368.49	
Federal Taxable Income			2,419,311.49

Telrite Corporation
Adjusting Journal Entries (AJEs)
For the Twelve Month Period Ended December 31, 2005

Ref#	Description	Debit	Credit
1	Depreciation Expense	419,182	
	Accumulated Depreciation		419,182
	to record current year depreciation expense		
2	Amortization Expense	271,307	
	Accumulated Amortization Expense		271,307
	to record current year amortization expense		
3	Federal Income Tax Expense	435,000	
	State Income Tax Expense	117,000	
	Tax Payable 2005 Liability		552,000
	to reclass estimated tax payments to expense		
4	State Income Tax Expense	30,000	
	Tax Payable 2005 Liability		30,000
	to accrue additional state income/net worth taxes		
5	Federal Income Tax Expense	387,566	
	Tax Payable 2005 Liability		387,566
	to accrue additional federal income tax expense		
	Totals	1,660,055	1,660,055

Telrite Corporation
Prior Period Adjustment
For the Period Ended December 31, 2005

		As Calculated	Per Tax Return
2005 Priod Period Adjustment		962,261	962,261
2004 Depreciation Expense	66,739		
2004 Amortization Expense	136,428		
2003 Depreciation Expense	46,979		
2003 / 4 Depreciation/Amortization Expenses Not Recorded on Books			250,146
2004 Federal Income Tax Expense	461,410		
2004GA Income Tax Expense	99,666		
2004 Federal / State Tax Expense Not Recorded on Books			561,076
Client Prior Period Adjustment - Customer Deposits	110,000		110,000
2004 Federal Tax Penalty	14,502		14,502
Other	3,940		
2004 Loan to Shareholder	22,600		
Rounding	(3)		
Other Adjustments			26,537
		962,261	962,261
Unreconciled		-	-

Attachment D - B-4 - Projected Revenues Arizona

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1														
2														
3														
4	Interstate Minutes/month	500												
5	Calling Card Free Minutes	40												
6	Toll Free Minutes Free	100												
7														
8														
9														
10			Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
11	Customers	5000	2000	5000	10000	15000	20000	25000	30000	35000	40000	45000	50000	55000
12														
13														
14														
15	Revenue	$29.95	$ 59,900	$ 149,750	$ 299,500	$ 449,250	$ 599,000	$ 748,750	$ 898,500	$1,048,250	$1,198,000	$1,347,750	$1,497,500	$1,647,250
16														
17	Cost	$23.96	$ 47,920	$ 119,800	$ 239,600	$ 359,400	$ 479,200	$ 599,000	$ 718,800	$ 838,600	$ 958,400	$1,078,200	$1,198,000	$1,317,800
18														
19	GM	20%												
20														
21	GM	$ 5.99	$ 11,980	$ 29,950	$ 59,900	$ 89,850	$ 119,800	$ 149,750	$ 179,700	$ 209,650	$ 239,600	$ 269,550	$ 299,500	$ 329,450
22														
23	Telemarketing cost	$24.00	$ 48,000	$ 72,000	$ 120,000	$ 120,000	$ 120,000	$ 120,000	$ 120,000	$ 120,000	$ 120,000	$ 120,000	$ 120,000	$ 120,000
24														
25	Billing Setup		$ 15,000											
26														
27	Legal & Administrative		$ 15,000	$ 6,000	$ 6,000	$ 9,000	$ 9,000	$ 9,000	$ 9,000	$ 9,000	$ 9,000	$ 9,000	$ 9,000	$ 9,000
28														
29	P/L		$ (66,020)	$ (48,050)	$ (66,100)	$ (39,150)	$ (9,200)	$ 20,750	$ 50,700	$ 80,650	$ 110,600	$ 140,550	$ 170,500	$ 200,450
30														
31	Cum P/L		$ (66,020)	$ (114,070)	$(180,170)	$ (219,320)	$ (228,520)	$ (207,770)	$ (157,070)	$ (76,420)	$ 34,180	$ 174,730	$ 345,230	$ 545,680